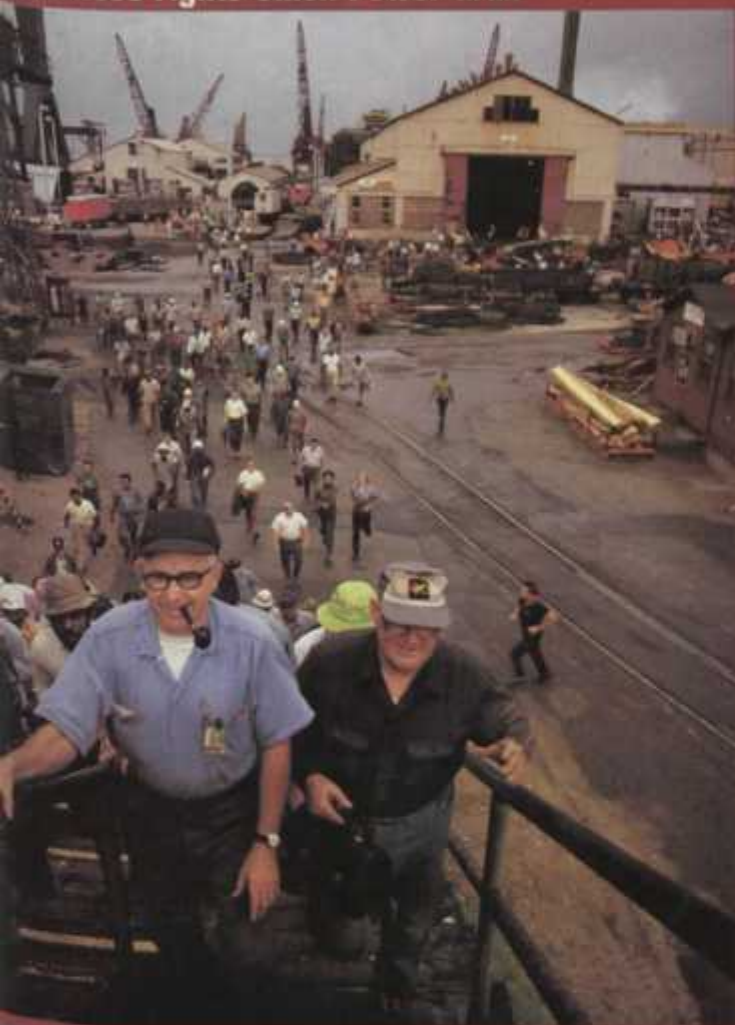


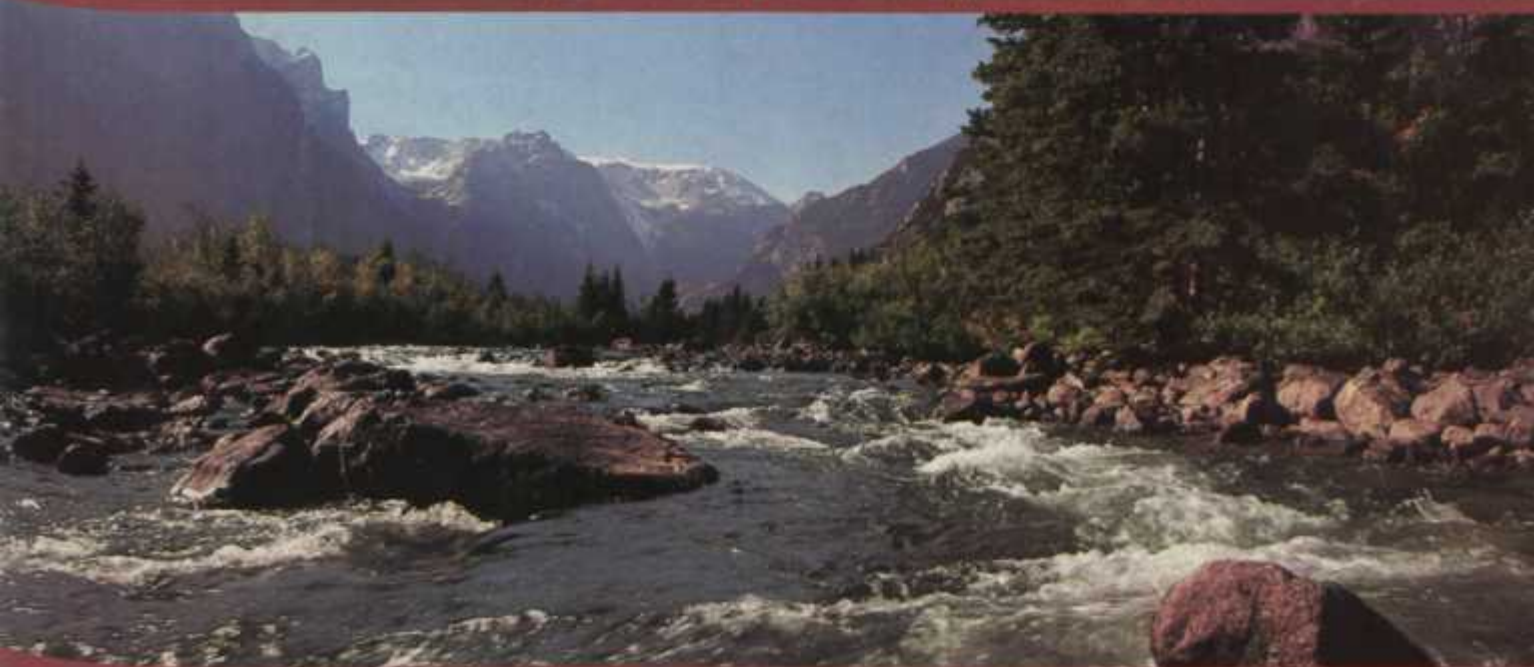
SEPTEMBER 1977

Nation's Business

Business Fights Union Power Grab



Juanita Kreps: More Active Role for Commerce



Water: The Next Resource Crisis?



How the rich recycle.



It Takes Two Xerox 3100's To Equal The Productivity Of One Savin 780!

The people who manufacture copiers try to dazzle you with the speeds of their machines. Claims of up to 60 copies per minute, from the same original, are not unusual. But, a copier's ability to do the same thing over and over is no measure of its productivity. Most people make just a few copies from several different originals at a time. And when you add up the speed at which most copiers accomplish that, a lot of their glitter is dulled because of their lackluster performance.

Take Two Xerox 3100's For Example

Like the Savin 780, the Xerox 3100 has a repetitive copy speed of 20 copies per minute. But that's where the similarity ends. The 3100 will make copies of only 5 different originals per minute. The reason for this poor productivity is the time wasted with each original: opening and closing covers, positioning each original, pushing the print button, and waiting for the print cycle to complete so you can start the whole process over again with the next original. The result is that it takes at least two Xerox 3100's to equal the productivity of just one Savin 780! In those cases where you're making a copy from many originals it could take three or even four 3100's to equal the productivity of one Savin 780!

Take One Savin 780 For Productivity

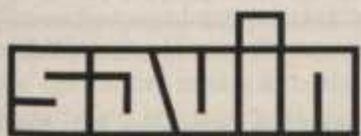
The Savin 780 plain paper copier will not only make 20 copies per minute, it will copy 20 different originals per minute! Our machine has a document feed that automatically positions and transports each original through the copier, delivering clean, clear, needle sharp copies

every time. There are no buttons to keep pushing, no covers to keep opening and closing — no shuffling of papers. When you do multiple copies, the advantages continue to add up. Need 3 copies each from 3 different originals — the Savin 780 will accomplish that twice as fast as the Xerox 3100.

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Paper handling devices have been available, as an option, for many years. With the Savin 780 it's standard! In addition, for more money most copiers allow you to add on a sorter attachment. With the Savin 780, for most copying needs, you don't need one. Our machine returns the originals and copies to you, collated. To copy books, periodicals, and other oversize originals, you simply lift the document feed and push the print button.

Contact us for a demonstration, today. We'll do it right in your office alongside your present copier. The odds are better than 2 to 1 you'll come out way ahead with the Savin 780. Get in touch with your nearest Savin representative or fill out the coupon below.



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Savin, Valhalla, N.Y. 10595

NB-79

☐ Please provide additional information about the Savin 780 plain paper copier.

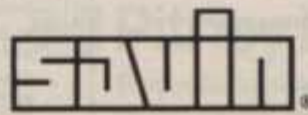
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Nation's Business

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21 Business Fights Union Power Grab

INSIGHT

26 The Man Who Heads NLRB Now

30 Juanita Kreps: More Active Role For Commerce

35 Chop the Chitchat—Save Time and Money

39 One Way to Get Good Workers

AHEAD IN CONGRESS

41 The Crucial Issue of Capital to Pay for Tomorrow

50 Water: The Next Resource Crisis?

64 Finding Allies in the Fight Against Shoplifting

LESSONS OF LEADERSHIP

68 How Bob Hatfield Keeps Continental Prospering

82 Why Home Prices Are Soaring

90 Understanding Today's Young Executive

BUSINESS: A LOOK AHEAD FROM WASHINGTON

8 Changes Are in the Wind on OSHA Inspections

JAMES J. KILPATRICK

13 Fireworks Ahead Among the Majority Sex

SOUND OFF TO THE EDITOR

17 Legislative Aid for Union Organizers?

Departments

4 Letters to the Editor	17 Sound Off	78 Executive Trends
8 Business: A Look Ahead	18 Sound Off Response	96 Editorial
13 James J. Kilpatrick	75 People in Business	

Cover photographs: left David Harvey—Black Star, right Dennis Brack—Black Star
bottom Ira Wexler—Uniphoto

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Why Ray Bates uses a Pitney Bowes Postage Meter to mail just 7 letters a day.

How fitting, you think as you admire the tidy Vermont colonial, that museums, societies and collectors around the world should seek out the talents of the master clockmaker in such a spot. For this is the family home and workshop of Scotsman Ray Bates. For 13 years, Ray has repaired and restored fine clocks here, under the banner of "The British Clockmaker."

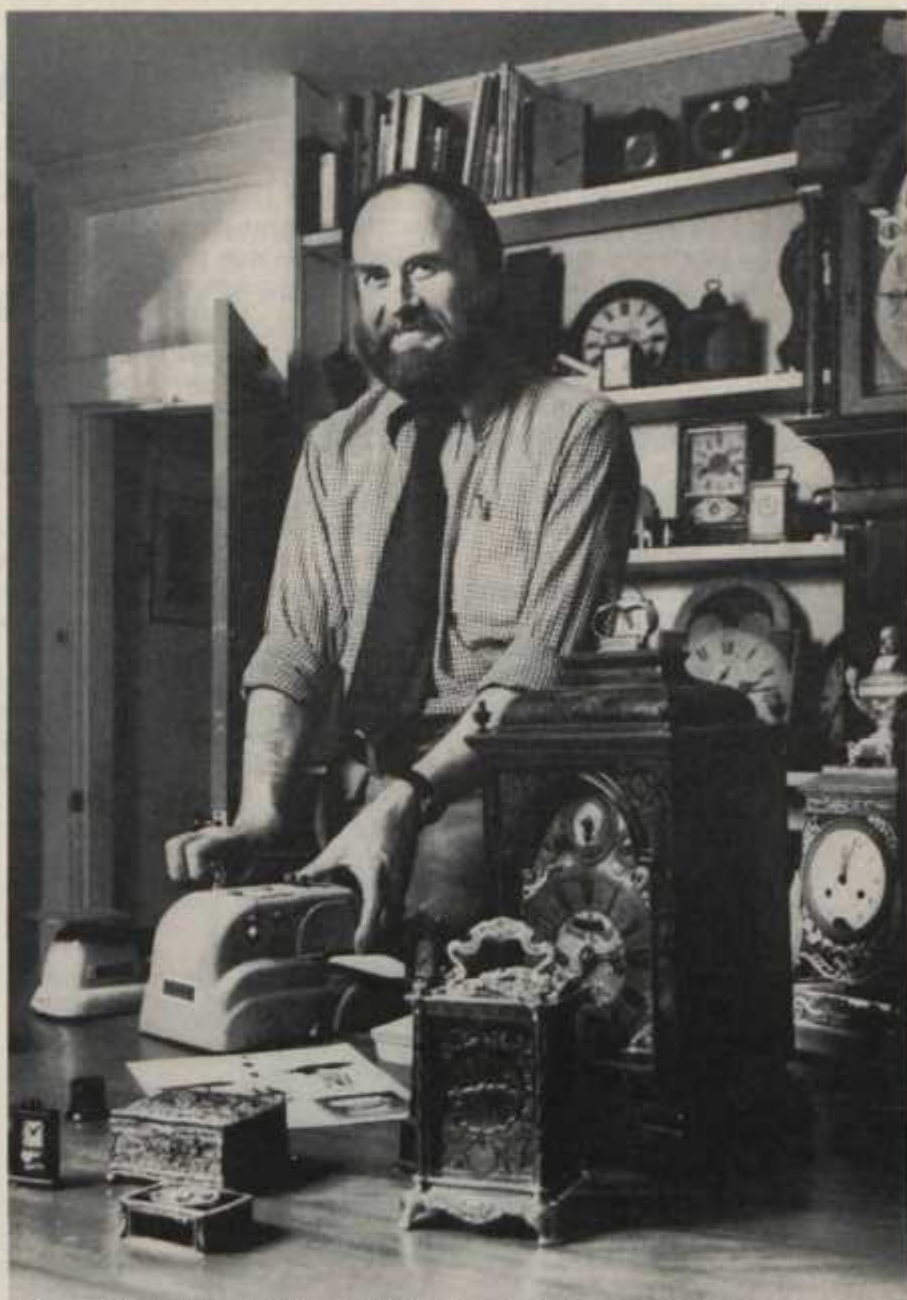
Ray corresponds with customers from San Francisco to Singapore. A task considerably lightened by the convenience of the Pitney Bowes desk model postage meter and scale.

The scale eliminates guesswork and excess postage. Even with Ray's modest volume that adds up to important savings. The postage meter, says Ray, "makes mailings anywhere a breeze. Just set the amount and you have the correct postage at your fingertips."

As sales agent for several antique clock companies in England, Ray also appreciates the versatility of our meter. "When we put out a special mailing, I have my kids stick the labels on; then they can run the envelopes through the machine—nothing to it!"

How about record-keeping? "Having a record is great. At the end of the month, you can check and see immediately how much postage you spent. For tax purposes you've got it all there."

"The people at our small post office have to cancel and postmark by hand. With the Pitney Bowes postage meter, my mail is already dated, cancelled and postmarked—



Master Clockmaker Ray Bates of Newfane, Vermont with some of his prized instruments, including our Pitney Bowes desk model postage meter and scale.


so they love the machine! And my mail goes out faster.

"For me, as somebody who appreciates fine machinery, it has a lot of integrity. Does the job it's designed to do. Also it reflects our image as a substantial, professional business. And it's only \$8.25* a month. What more can you say?"

Just this: you don't have to be a master clockmaker to realize it might be time you metered your mail. For more information, including postal savings tips, write us: Pitney Bowes, 1393 Pacific Street, Stamford, Conn. 06904, or call toll free any time 800-243-5676. (In Conn. 1-800-882-5577.)

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A Plea for Continued Ties With Taiwan

Your "Economic Viewpoint" article, "The Coming Leap Forward in China Trade" (July), makes the reasonable point that the United States should try to cash in on growing trade opportunities with the People's Republic of China.

The article does not mention, however, the political situation in that country, including its insistence that the United States break diplomatic ties with the Republic of China.

It would be a sad situation if the United States were willing to abandon Taiwan, or even substantially weaken ties with that progressive and friendly nation.

Abandoning the Republic of China would not only be mistaken policy, but a downright hypocritical footnote

to President Carter's stand on freedom throughout the world.

The article was timely, but let us not be too eager to sell out.

EDWIN U. SOWERS, 2d
Chairman
Sowers Printing Co.
Lebanon, Pa.

Brownstones in Brooklyn

Thank you for the item, "How a Business Fights Housing Blight" ("People in Business," June), on the Brooklyn Union Gas Co.'s active participation in the brownstone-house movement to save some of Brooklyn's deteriorating neighborhoods.

We would like to set the record straight, however. The series of fairs on the nuts and bolts of brownstoning have been staged by The Brooklyn

Brownstone Conference, not the gas company. The company has contributed space, talent, time, money, and interest. It is to be commended for its fine efforts.

The Brooklyn Brownstone Conference is a coalition of neighborhood associations; businesses, including Brooklyn Union Gas Co.; the Brooklyn Chamber of Commerce; the Downtown Brooklyn Development Association; and other groups.

NATHANIEL HENDRICKS
President
The Brooklyn Brownstone Conference
Brooklyn, N. Y.

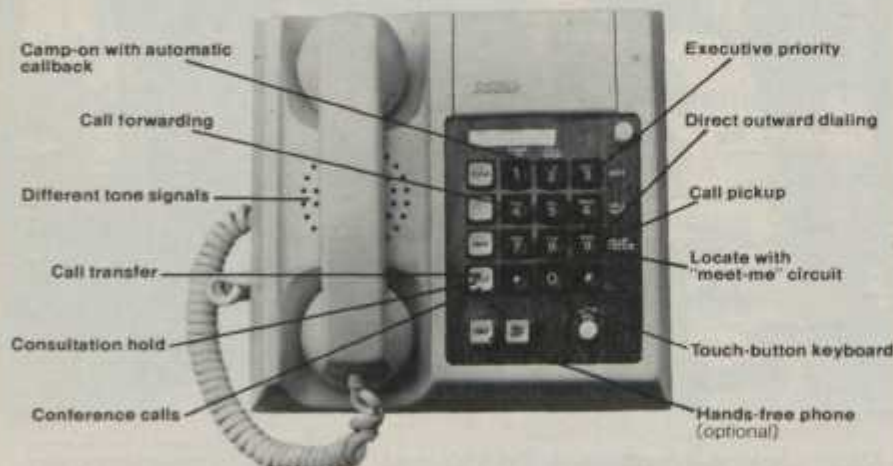
Product liability problems

Your article, "Product Liability—The Search for Solutions" (June), was a timely piece of work, but I have several problems with it.

While noting enactment of the Utah Product Liability Act, the article did not indicate the extent to which the problem is being addressed in most other states. More than 186 pieces of product liability-related legislation have been introduced in 40 states since last Jan. 1.

The article says that one of the proposed reforms considered most achievable by business is establishment of a statute of limitations "based on the time that a product was placed into the stream of commerce." A statute of limitations applies to the length of time during which a suit must be commenced. A statute of repose refers to the amount of time in which a manufacturer is responsible for his product—a period generally commencing on the date of the first sale, when the product is placed into the stream of commerce.

Another proposed reform, the article says, is use of industrywide manufacturing standards, with the manufacturer able to cite compliance with the standards as a defense. A fine line exists between industrywide standards and standards that are prevalent in an industry. Industrywide standards are potential dynamite in any product litigation. For



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example, if the manufacturer is unaware of such a standard or chooses not to conform to it, the standard could be used as evidence pointing to the manufacturer's negligence.

Other possible reforms cited are binding arbitration and eliminating punitive damages.

Binding arbitration is not a panacea for easing pressure on court dockets and spiraling legal costs. Binding arbitration assigns guilt, but does little to resolve controversial issues. It rarely is completely satisfying to either participant.

Eliminating punitive damages altogether is not politically expedient. If a manufacturer is truly negligent, punitive damages are not out of line. A consumer must be permitted adequate channels of redress if wronged.

ANNE G. MALETTA
Coordinator of Legislative Affairs
Farm and Industrial Equipment
Institute
Chicago, Ill.

Another look at land gifts

I'm confused. On one hand, Dr. Richard L. Lesher, president of the Chamber of Commerce of the United States, rarely misses an opportunity to criticize government interference in business. On the other hand, your article, "Partnership That Pays Off for the Public" (July), promotes the notion that business should give land to the government.

You tout the effort of the American Land Trust to provide \$200 million worth of bicentennial gifts of land to the public. The assumption is that such gifts both protect the environment and benefit the companies making the gifts.

Suggesting that a business sacrifice private ownership of land is a contradiction of the principles of the National Chamber as stated by Dr. Lesher.

Many businesses need additional tax relief, but I can assure you that giving private land to the federal government only adds to the power in Washington.

While I am concerned about the environment, I am more concerned with bureaucrats advocating the redistribution of land. I am also more concerned about a state like Arizona, where only 15 percent of the land is privately owned and the tax base has been seriously eroded by government ownership of the rest.

I am concerned about business interests giving private land to the government, ostensibly to protect the

environment and impress the stockholders, when in reality such a move further deteriorates our fragile hold on private ownership of land.

The people of Arizona and the rest of the Western states are inundated with public lands protected by various governmental agencies. Every year these agencies take over more private lands, removing that property from the tax rolls.

While a land gift by a business might reduce the firm's own tax load initially, adding to government landholdings will further erode the tax

base. The tax burden of the business and the shareholders whom the business is trying to impress will go up.

JOHN M. OLSON
Executive Vice President
Arizona Cattle Growers Association
Phoenix, Ariz.

Selfish unionism

I read your article, "New Union Drive for One-Sided Labor Law" (July), shortly after spending 2½ hours traveling 30 miles to work in a massive traffic jam caused by an unannounced and apparently illegal

continued on page 58

"Cuckler had our building ready for us... and we didn't even know it."

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Why drive a Mercedes-Benz 280SE?



Here's a car full of reasons:



Safety. Control. Driving confidence. Peace of mind.
All are valid reasons why one chooses a car.

For many people, a Mercedes-Benz is the only logical answer to these requirements. Get to know the 280SE, and you'll understand why.

You can see at first glance that the Mercedes-Benz 280SE is a graceful car, an obvious heir to the legendary Mercedes-Benz reputation for elegance. What is less obvious is the degree of control, and the resulting sense of confidence, that it imparts to you.

What gives the 280SE its unusual capabilities? Scores of advanced engineering ideas combined into a unique whole. Ideas that have made a Mercedes-Benz the most copied sedan in the world...that have, over the past five years alone, given Mercedes-Benz a higher average resale value than any luxury car made in America.

Mastery, not mysteries

All of the special qualities of the Mercedes-Benz 280SE are down-to-earth and practical; they're neither mysterious nor hard to understand. Quite simply, here is a car that *responds* to your command. A car that helps to make your life a bit simpler instead of more complicated...and, perhaps for the first time ever, lets you feel that you are driving with maximum control.

You can appreciate these benefits each time you take the wheel. Some features that create them are standard equipment on the 280SE—yet are missing from even the latest models of other makes. For example:

Most cars, even luxury models,

surprisingly, still don't have independent suspension on all four wheels. The 280SE does. Which means the 280SE keeps better contact with the road, and therefore can help you be master of even a wet, twisting, bumpy road. And powerful four-wheel disc brakes (most domestic cars just have discs on the front wheels) to help you stop with control and authority.

The list of practical "pluses" goes on:

Panoramic visibility—In the 280SE you have an extraordinarily clear view of the world through over thirty square feet of tinted glass.

Cruise Control with a memory—It maintains any speed without your having to touch the gas pedal. Should you want to accelerate or slow down, simply touch a switch to return the car to your original speed.

Automatic Climate Control—Winter or summer, muggy weather or dry, this system was designed to help keep temperature and

humidity right where you set it.

Security system—Turn the key, and instantly you've locked all four doors, the trunk and the gas-tank filler port.

Instruments that truly help—Some cars have warning lights that only tell you when your car's in trouble. The 280SE's numerous instruments keep you informed at *all* times; there's even a helpful front brake-pad wear indicator.


Multipurpose safety control—Without taking your hands off the steering wheel, you can actuate the turn signal, dim or brighten the headlights, wash the windshield and turn on the three-speed wipers.



Sweeping rearward visibility, plus responsive power steering, makes backing the 280SE into a tight space refreshingly easier.

Generous door openings—The 280SE's front doors open a full, unobstructed 36 inches. A blessing when you enter or exit with an armload of packages.

Why drive a Mercedes-Benz 280SE? See your local Mercedes-Benz Dealer and take a get-acquainted drive. You'll discover a car full of reasons.

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Engineered like no other car
in the world.



The trunk of the 280SE offers a capacious 18.2 cubic feet of usable space.

A LOOK AHEAD FROM WASHINGTON

Changes Are in the Wind on OSHA Inspections

Although there are White House memos on the possibility of eliminating or drastically reducing Occupational Safety and Health Administration inspections, it is too early to predict that no OSHA inspector will ever again come knocking on your door.

There will be no new policy change on inspections until a task force reports to the President, and the report is not expected before next spring. In the meantime OSHA plans to concentrate on the most serious safety and health hazards while getting rid of nit-picking regulations. [See: "Eula Bingham: Will She Take the Nonsense Out of OSHA?" in *Nation's Business*, August, 1977.]

President Carter in August sent a memorandum to heads of departments and agencies announcing that Labor Secretary Ray Marshall and Bert Lance, Office of Management and Budget director, would head a task force to take a hard look at OSHA.

Organized labor frowned on the assignment of Mr. Lance to this role because he was one of three White House officials who sent a memorandum to the President which the AFL-CIO says would "gut OSHA."

Mr. Lance, along with Council of Economic Advisers Chairman Charles L. Schultze and Stuart E. Eizenstat, assistant to the President for domestic affairs, urged that consideration be given to eliminating most job safety regulations.

In their place, there either would be economic penalties tied to the injury rate or some form of economic incentives—such as changes in the workers' compensation program, which could be cheaper than dealing with OSHA. Business people think the incentives idea has merit, but labor unions and some influential members of Congress object to it strongly.

Despite the objections, Mr. Carter directed the inquiry to concentrate on exploring incentives that might supplement workplace regulations. The task force not only is to consider changes in workers' compensation and liability laws, but also tax benefits and loans and other economic aid, as well as penalties for employers who do not improve safety.

Government Employment Growth Grinds to a Halt

In the past 20 years the number of government workers has more than doubled, with most of the increase taking place at the state and local levels. One out of

five nonagricultural workers is on a government payroll.

Now there is a glimmer of hope for the taxpayer. The Census Bureau finds employment in city governments dropped 2.5 percent in the year ending last October. Employment in state and other local governments increased 0.7 percent, but in number of employees, the increase was almost offset by the city government decrease.

Also, the Census Bureau reports federal employment dropped 1.6 percent, after increasing less than one tenth of one percent in the past two decades.

The Census Bureau doesn't show the full picture on federal employment, however. A Senate subcommittee estimates that for every four federal employees there is one outside consultant doing work for Uncle Sam. These people are not reflected in Census Bureau figures.

Regulatory Agencies to Help Each Other

OSHA, EPA, FDA, and CPSC have been instructed to get to know each other better.

The basic goals of more cooperation among the Occupational Safety and Health Administration, Environmental Protection Agency, Food and Drug Administration, and Consumer Product Safety Commission are cost-cutting and better control of hazardous materials, Carter administration officials say.

These agencies are developing plans to share laboratories, vehicles, libraries, and other resources. They are also looking into the possibility of increased cooperation in enforcing laws and regulations.

An OSHA official says the new cooperation may eventually result in one-stop service for business and therefore should be to the liking of business people. But it is not difficult to conjure up visions of inspectors from all four agencies converging at once on an unsuspecting company or companies.

Senate Bill Could Increase Employer Costs for Retirees

Many businesses having problems with rising pension costs may have even more in the future.

Sen. Howard M. Metzenbaum (D-Ohio) has introduced a bill, S. 1837, the Retiree Benefits Act of 1977, that would amend the National Labor Relations Act to make benefits for retired employees a mandatory

subject for collective bargaining. Five colleagues have joined Sen. Metzenbaum in sponsoring the bill.

Groundwork for the bill was a 1971 Supreme Court ruling that retirees are not members of their former bargaining units and that employers therefore cannot be required to negotiate benefits for them.

Sen. Metzenbaum says the bill's sponsors are concerned about the erosion of pensions due to inflation. While the bill does not require management to increase pensions, it could bring the pensions of more than two million retirees to the bargaining table.

Small Business Voice May Gain More Volume

A familiar complaint from small businesses is that their problems and views are not being considered by the decision-makers in Washington. That may well change.

Sen. Gaylord Nelson (D.-Wis.), chairman of the Senate Small Business Committee, wants each federal department and agency to designate a small business advocate. These officials would collect the views of small firms on regulations, forms, and deadlines that affect them, and then present those views to the department or agency. The senator has introduced a joint resolution, S. J. Res. 69, to this effect.

He also has introduced S. 1838, the Fair Representation for Small Business Act, which would amend the Federal Advisory Act of 1972 and the Federal Reports Act of 1942 to require equitable representation for small and medium-sized businesses on federal advisory committees.

SBA Changes Eligibility for Government Assistance

A medium-sized business that suffers an economic disaster or substantial injury because of a federal law, regulation, or order may now qualify as a small business and seek aid from Uncle Sam.

In 1974 the Small Business Administration adopted a special procedure for determining whether concerns that have significant loss in income due to the energy crisis are eligible for SBA assistance. Now the agency has decided that firms threatened with extinction because of some action by Washington should get equal treatment.

Normally SBA uses annual sales as a yardstick to determine if a firm qualifies as a small business. But an economic disaster can put a firm on the ropes in much less than a year. So SBA has begun using a firm's performance for three months as an eligibility yardstick in cases of government action that has badly hurt the firm.

SBA will consider such a firm to be in the throes of economic disaster if gross income—less returns and allowances, sales of fixed assets, and inter-affiliate transactions—is at least 25 percent lower than in the preceding quarter.

Proposed FTC Rule Would Be Rough on Manufacturers

The Federal Trade Commission is proposing a new rule that would prohibit manufacturers from imposing certain obligations on buyers who wish to obtain the benefits of a full warranty.

FTC, for example, thinks it is unreasonable to require a buyer to complete and return a card before a full warranty takes effect. The agency thinks other reasonable proof of purchase should be acceptable.

Nor, FTC thinks, should a buyer have to:

- Return merchandise in the original package.
- Pay the cost of shipping a product to get it serviced.
- Ship or carry an unsafe product or one that weighs more than 35 pounds.
- Remove a built-in product and re-install it afterward unless this can be done in a short time without special tools.
- Return a product to the dealer who sold it when the warrantor has more than one servicing center.
- Notify the manufacturer in writing that a product is defective.

Also, FTC doesn't think a customer should be required to give notice of a defect within a specified period, but only within a reasonable period. FTC has not yet decided what is reasonable.

If FTC adopts the rule and the manufacturer imposes any of the eight requirements on a consumer, the label must clearly state that the warranty is a limited one.

Those who wish to make statements or testify about the proposal must notify FTC in Washington by Sept. 15. Hearings will be held in Chicago Oct. 3, in Los Angeles Nov. 7, and in Washington Dec. 6.

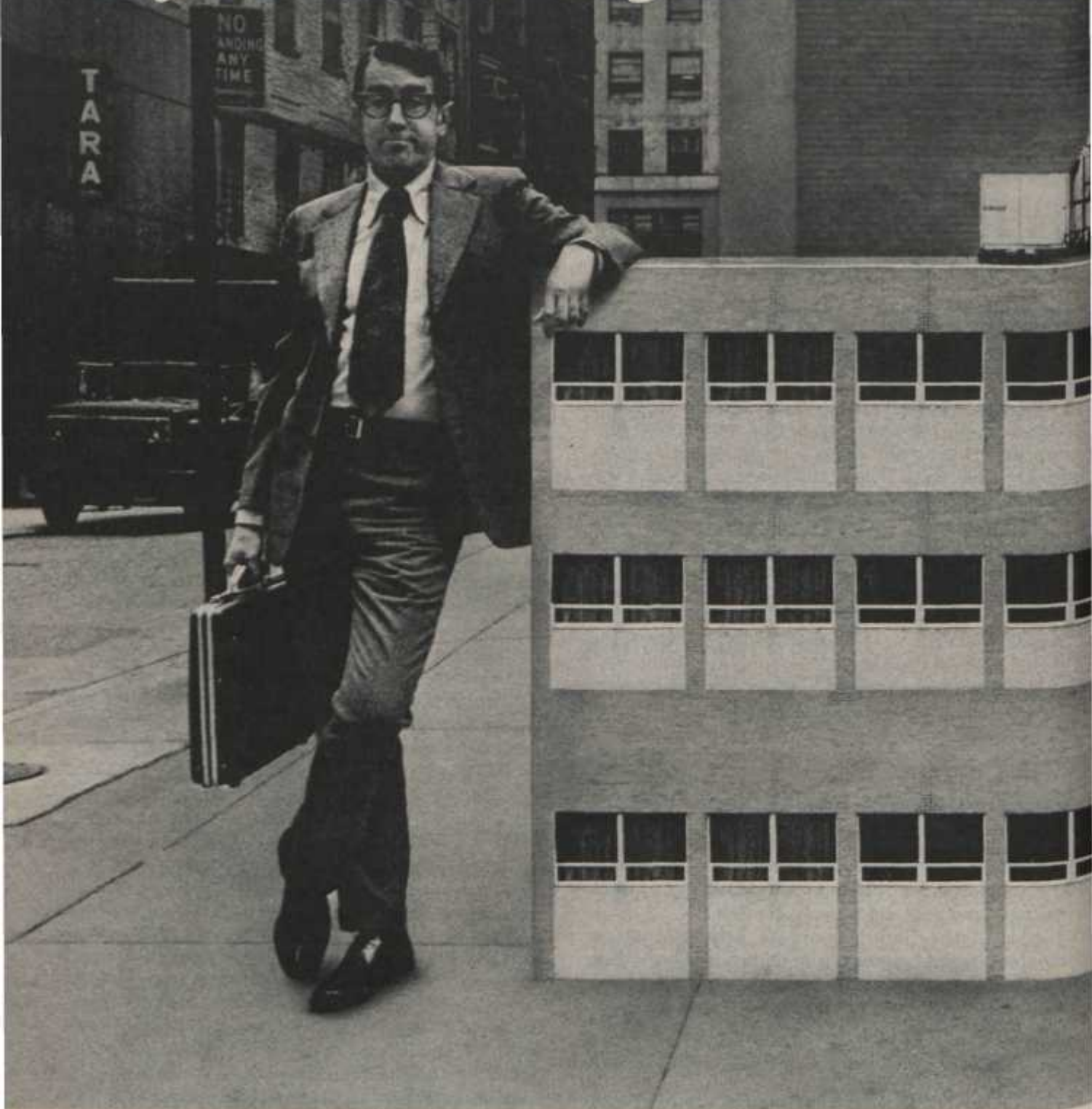
New Lease on Life Sought for Government Renegotiators

Vigorous efforts are under way to revive the Renegotiation Act of 1951, which created the Renegotiation Board to review government contracts and recoup excess profits. The law expired a year ago.

A big boost for the board came on July 25 when President Carter advised House members of his support of H. R. 5959, a bill to revive the Renegotiation Act. Mr. Carter said the bill would not overly burden contractors. Business disagrees. The board, business says, has cost contractors more than \$200 million annually in useless paperwork. By contrast, the board, which still sits to review contracts that were in existence when the act died, made claims to recover approximately \$40 million last year.

Two California congressmen, Democrat Mark W. Hannaford and Republican Paul N. McCloskey, Jr., have introduced H. R. 5257, which would deactivate the board in peacetime. Rep. Hannaford notes that the board has, "as a monument to its inefficiency," a backlog of more than five years' work. □

If your insurance agent undervalues

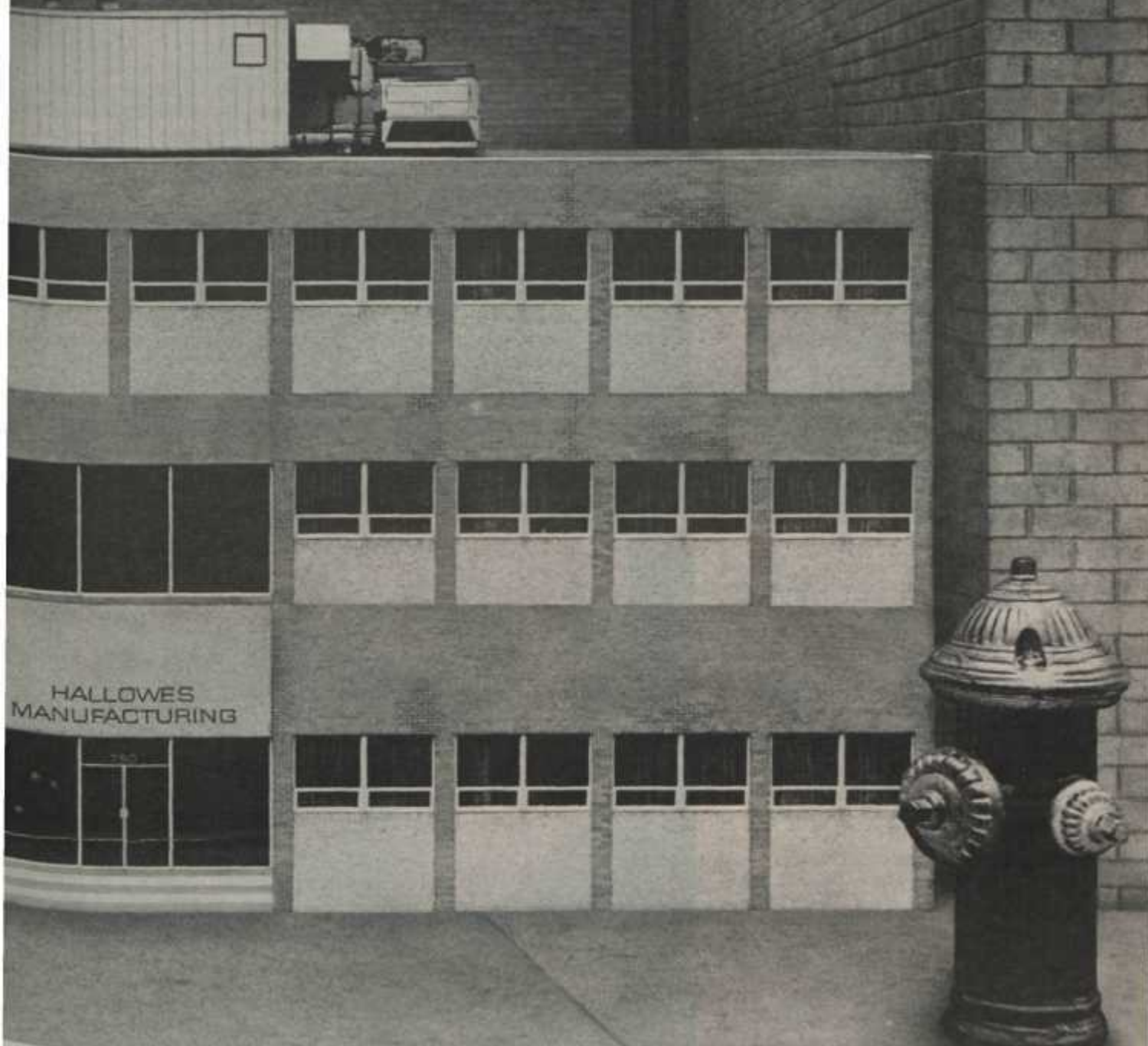


It's your fault if you've neglected to keep him up-to-date on changes in the size or scope of your operations.

Because an insurance agent can protect your property and assets only if he's fully informed. About plant improvements, new locations, new products, unusual or unseasonal inventory levels, valuable items such as patterns and dies, high-value shipments and other exposures that modify your insurance needs.

Your agent can help you identify areas of risk—guide you in selecting the

your business, whose fault is it?



right policies for your special needs (even if they're still in the planning stage)—keep you abreast of the economy by adjusting your insurance limits to track with current prices and liability award trends. And an independent agent can select your policies from a wide range of well-known companies.

It's good sense to make your agent your partner in protection. Only then will he always know how big your business really is.

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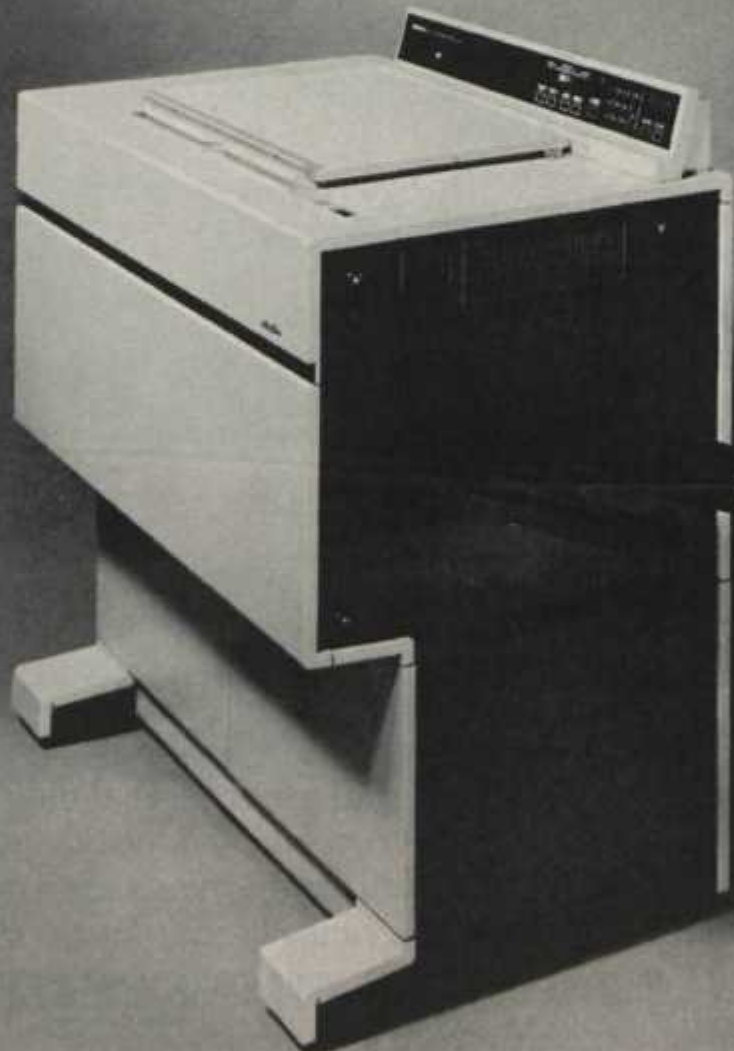
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Fireworks Ahead Among the Majority Sex

MORE than 2,000 American women will gather in Houston in mid-November for the National Women's Conference. The affair has been carefully prearranged to produce predictable resolutions and recommendations, but it promises to be a lively get-together all the same. Some good may come of it yet.

The Houston conference will culminate a year of state conferences devoted to the current status of women in American society. Upward of 100,000 persons attended the state meetings, at which 1,442 voting delegates and a couple of hundred alternates were chosen to go to Houston. In addition, up to 400 delegates-at-large may be named by the National Commission on the Observance of International Women's Year. Two hotels, the Sheraton Houston and the Hyatt Regency, have been reserved for the delegates. The media will turn out in full force. Except that no candidates are to be nominated, the National Women's Conference will have most of the trappings of a national political convention.

Curiously, little attention has been paid to the whole affair. The 56 state and territorial conferences have been reported, for the most part, only in the local press. The TV networks and national news magazines have provided little coverage. Yet the several meetings add up to the largest gathering of American women in our history, and the proceedings tell us a good deal of the desires and conflicts shared by the majority sex—a majority that occupies a minority role.

And if a cynical note may be intruded, the proceedings also provide a nice textbook for students of political science. This classic work might be entitled, "The Gentle Art of Stacking and Rigging," for with a few conspicuous exceptions, that is what we have seen.

IT ALL BEGAN in January of 1975 with an executive order from Gerald Ford creating a commission on International Women's Year. In December of 1975, Congress approved an act providing statutory authority for the body. Mr. Ford's original 35-member commission, headed by Jill Ruckelshaus, produced a 382-page report, "To Form a More Perfect Union," setting forth major recommendations for political and economic action. Jimmy Carter early in 1977 reconstituted the Ford commission, retaining only 13 of the Ford appointees and ousting the rest. Former Congresswoman Bella Abzug was named to chair the reconstituted body.

The Carter commission shares common aims with its predecessor. Foremost among these is ratification of the pending Equal Rights Amendment. In its final report, the Ford commission identified ratification as its No. 1 priority and its "main commitment." The commission pledged "to do all in our capacity to see that the Equal



PHOTO: MARGIT CASTELLONE

Rights Amendment is ratified at the earliest possible moment." Most of the state conferences have provided drumbeating sessions in behalf of the ERA.

The two commissions' work is financed by a \$5 million appropriation of public funds. A little more than half of that was set aside for the 56 state and territorial gatherings, in allocations ranging from \$25,000 for small states to \$100,000 for the six largest states. The Houston conference, of course, will also be publicly financed, though some modest revenues are expected from the rental of exhibition booths to businesses with a women's angle to promote.

EARLY in 1977, while the national commission setup was going through a transition phase from Ford members to Carter members, the surviving staff cooked up some formidable rules. These were laid down in the "Federal Register" of Feb. 25 and amplified in the March 28 "Federal Register." The purpose, although it surely would be denied, was to make as certain as certain could be that everything went tickety-boo in the several state conventions. The general idea was for the national commission to appoint state commissions that would go dutifully down the line for ERA and all the rest. These state commissions were expected to name nominating committees that would produce right-thinking slates for rubber-stamp election; and the rules contained some ingenious parliamentary safeguards intended to make dissension and insurrection ever so difficult.

The newsmen who undertakes to cover this story gets diametrically opposite versions of what happened next. The national commission people and their official state

counterparts insist that the state meetings were widely advertised, that rules and regulations were available well in advance of the scheduled meetings, and that vigorous efforts were made to provide a fair balance of conflicting views on ERA and everything else. Their opponents insist, to the contrary, that they learned of the state conferences largely by accident, that the rules were manipulated to prevent opposition candidates from being nominated or elected, and that the workshops and plenary sessions were skillfully rigged to project the appearance, but not the substance, of fairness and balance.

Well, you pay your money and you take your choice. The state meetings began with Vermont on Feb. 26; they concluded with a raft of states in late July. Of the 56 separate women's conferences, all but eight or ten went largely by the script. The national office provided each state coordinating committee with 16 "core resolutions," including, naturally, a resolution in support of the ERA. Under the rules and regulations, every state conference was required to consider "as many of the recommendations of the commission as is feasible." On March 17 the national office advised the state bodies that the national office was "very hopeful" that every state meeting would "express itself" on most, if not all, of the resolutions. Hint, hint, hint. The state coordinating committees would have had to be as insensible as concrete blocks not to know what was expected of them.

The first few state conferences passed without incident. Vermont women turned out, despite a heavy snowfall, to endorse the prepared slate of delegates to Houston and to adopt all the right resolutions. In Alaska a diverse delegation was approved to represent the women of the state—four Caucasians, three Tlingits, two Eskimos, one Athabaskan, one black, and one Japanese. All this was in accordance with the act of Congress. Arizona elected a similarly diverse delegation. Colorado was on its best behavior. In New Mexico the professional parliamentarian was so impressed with the meeting that she turned back her fee to the coordinating committee. North Dakota, Wisconsin, and Oregon all went by the book.

BUT SMALL CLOUDS began to gather. The Minnesota conference obediently supported all the national goals, but a confrontation developed between anti-abortion and easy-abortion factions. Missouri was a shocker. There the anti-abortion and anti-ERA groups formed a potent coalition. Oklahoma was a real shocker. There the official state planners found themselves outplanned, out-hustled, and outmaneuvered by an unexpected army of churchwomen who suddenly arrived in Stillwater, ready to shout down the national resolutions and to adopt some spirited resolutions of their own. They began with a resolution against the ERA and continued with a resolution terming homemaking "the most vital and rewarding of careers for women."

Montana also came undone. The liberationists who had lined up the program found themselves overwhelmed by a legion of Montana women who refused to be roped, tied, and corralled. "Caucus Turns Raucous," headlined the "Great Falls Tribune." Gerridee Wheeler, one of the 13 Ford appointees who survived to serve on the Carter commission, said she was "appalled, dismayed, and distressed" at what occurred. She rued similar "disruptions" in Oklahoma and Missouri.

In Utah the professional planners never had a chance.

Thousands of Mormon women calmly took over the state conference and made it their own. Ohio and Mississippi balked at the parliamentary ride they had been expected to take. One of the angriest conferences occurred in Florida, where embittered dissenters felt they were flattened by unfair parliamentary rulings from the chair. Perhaps the most embarrassing session took place in Hawaii, where a dance group entertained the assembled women with lesbian skits. Some of the Hawaiian women, notably businesswoman Helen Priester, were not the least bit entertained. Ms. Priester described her reaction in a public statement: "I was so angry and so insulted at having been innocently subjected to such horrid sex acts on the stage that I left the convention at 3 p.m., went home, took a shower, a swim, another shower, and still felt dirty both inside and out for having witnessed such filth." At the Florida convention, lesbian activism also was regarded by some women in attendance as "grossly offensive."

THE MINORITY factions, wherever they appeared, were fueled by powerful resentments. They resented the parliamentary stacking and rigging, but there was something deeper. For the past ten or 15 years, since the "women's liberation movement" began to pick up steam, the homemaker/housewife has felt herself demeaned, ridiculed, and belittled. Beside her glamorous professional sisters, who are leading sexually liberated lives as editors, lawyers, and career women, the wife/mother has seen herself regarded as a shabby second-rater. This summer saw the simmering resentments boil over.

At national headquarters in Washington, spokeswomen express shock that this rebellious attitude could have developed. After all, it is emphasized, the very first project of the national office was to direct preparation of state-by-state handbooks on the legal status of homemakers. The liberationists deny any feeling of contempt for the wife/mother.

Nevertheless, the mutual hostility hangs in the air. Each side accuses the other of trampling upon civil rights. In the lexicon of the professional International Women's Year planners, dissent and disruption are all the same thing; women who oppose the ERA are seen as "fascists." But in the opposing view, International Women's Year leaders are denounced as lesbians or as harlots, dictators, bossy women, or murderers—this last because of their position in favor of abortion.

A good thunderstorm often clears the sticky air. This may prove the case at Houston. The anti-ERA, anti-abortion contingent will constitute no more than a small minority. The national commission—having appointed all conference officials, arranged for the speakers, and stacked the credentials and rules committees—will be in absolute command. If the commission's control is exercised gently and tactfully, a little tearful rain may fall, but some constructive work may be accomplished. On the other hand, if Ms. Abzug throws her considerable weight around, and if the lesbians mortally offend the sensibilities of the straights, the proceedings could wind up in walkouts and rump sessions.

EITHER WAY, Houston promises to provide a story worth covering. Two thousand fractious and determined women constitute a formidable force. That force should produce action and perhaps, if Newton's laws apply, an equal and opposite reaction also. □

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a true story by Bob Ferrel

many things we could not afford before. My efforts were so much more productive. I scheduled my time to my own liking. When we wanted a day or two off, we took it. I worked hard but, if I wanted to be home early or quit at noon, I did.

This is not a business for a lazy man. But if a man is ambitious and will work to deserve those nice things in life we all want, this business is made to order for such a man.

I became so enthusiastic about this business and so appreciative of what it had brought my family that, whenever a man opened a dealership near me, I helped him get a quick start.

The company learned about this and had each new dealer in my section of Michigan spend a day with me. One day the president of Duraclean Company asked me how I would like to move to Headquarters and spend my entire time helping dealers to increase their sales and profits.

That was good news to my ears. Since then I have worked with hundreds of our dealers in their own towns and at regional meetings, conventions and dealer group meetings. But much of the time I am right here at my desk in touch with our dealers by letter and telephone.

Incidentally I sold my dealership at a good profit. Dealers sell their Duraclean businesses for up to ten times their cost. After 30 months, Leo Label sold for \$7,116 above his cost. If for any reason a dealer wants to sell, we maintain a service to locate buyers and help him sell.

Our job here at headquarters is to show each individual Duraclean dealer how to use his own abilities to bring him greatest success. I know hundreds of our dealers on a first name basis. We work together as one happy family. If you become a Duraclean dealer, I'll be as close to you as your telephone or mail box.

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If you've wanted to BE YOUR OWN BOSS... to become financially independent and have a fast growing income, now YOU CAN. And you own a Nationally Advertised business.

You can stay at your present job while your customer list grows... then switch to full time, lining up jobs for your servicemen to do. One job a day brings a good starting income.

If you hire two servicemen (full or part time) while you keep your job, the national price guide provides you a gross profit of \$14 an hour on their work and this is much easier to do than you think. We show you how... step by step. That's \$490 for a 35 hour week.

Your gross profit on three servicemen is \$21 per hour. Duraclean dealers find it easy to gross \$7 per hour on EACH serviceman plus \$12 an hour on any service they themselves render. The 24 page illustrated booklet we'll mail you (with no obligation) explains how most of your gross profit becomes clear net profit. Your income is limited only by the number of servicemen you employ.

You can operate from a shop, office, or your home. Equipment is light and portable.

At the start, you may want to render service yourself... or you can start with full or part time servicemen. This business is easy to learn... easy to start... so easy to service that women dealers do it. We prefer you have no experience... not have to "unlearn" old ways.

We are NOW enlarging this worldwide system of individually-owned service businesses. If you are reliable, honest and willing to work to become financially independent, we invite you to mail the coupon.

When you receive our illustrated booklet, you will see the way we show you step by step how to quickly get customers... and still more customers from their recommendations.

You have 7 superior services that are rendered "on location" in homes, offices, hotels, theaters, clubs, motels and institutions.

These are not ordinary services. You have

the prestige and endorsement of leading furniture makers and carpet mills, of Parents' Magazine and McCall's, of Research and Testing Laboratories.

National magazine advertising explains superior merits of your service, builds your customer confidence and brings job leads to you.

We and a Duraclean dealer will train you and assist you. He'll reveal his successful, proven methods. You have pre-tested newspaper and yellow-page ads, commercials, and a full mailing program.

Stores, upholsterers, insurance adjusters, and decorators refer jobs to our dealers. These year 'round services are in constant demand.

Start Small, Grow Big in this Booming Business

Many men have said to us, "I can't afford to give up my job till I know I have a sure thing... a sound business that will provide both security and a better living for my family."

That made sense to us so we worked out such a plan... and those same men are now enjoying a Duraclean dealership in many communities. You don't experiment. You use tested, proven methods. You have our backing and "know how."

Does this appeal to you? Don't decide now. Mail the coupon so you'll have the facts to decide wisely. There is no obligation. You'll then know whether this is what you want.

You can start small and grow big. A third century ago Duraclean was an idea... but it caught fire and spread to a world wide service. Why did it spread? (1) superior processes. (2) proven customer-getting methods (3) Day to day guidance from Headquarters.

Our first service, the care of upholstery and carpets not only cleans, it enlivens the fibers... revives dull colors. Pile rises with new life. There's no harsh machine scrubbing. No soaking. Mild aerated foam lightly applied lifts out dirt, grease, many unsightly spots like magic. Furnishings are used again in a few hours.

Government figures show service businesses are growing faster than industries and stores... \$750 million yearly potential just in rug and furniture cleaning. Your 6 other services are explained in the free booklet we'll mail you.

Only \$1985 starts you in YOUR OWN business. A day's profit more than pays the monthly payments we finance for you.

Men frequently take in partners. We furnish electric equipment and, with first shipment, enough materials to return your TOTAL investment. If you have good habits and know the importance of customer satisfaction, you can likely qualify for a Duraclean dealership.

TODAY is the time to reserve a Duraclean dealership, before someone takes your location.

It's been said, "Opportunity knocks but once at every man's door." This could be that one rare opportunity in your life.

It is surprisingly easy to learn this business. You can decide from the information we will send you whether to apply for a dealership. So, with no obligation whatever, mail the coupon TODAY. Cut it out NOW so you won't forget to mail it.

Mail this coupon TODAY It may put you in business

Duraclean International
7-119 Duraclean Bldg., Deerfield, Ill. 60015

With no obligation, mail 24 page illustrated booklet telling how and why I can quickly increase my income and family security while still employed, how you'll help finance me. No salesman will call.

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SOME YEARS AGO I was a printer in a small Michigan town. I drew a pretty fair pay check but it wouldn't stretch far enough to provide the kind of living I wanted for my wife and five children.

Then one day I was reading a magazine just as you now are and I saw an ad. It intrigued me. It offered me the steadily growing income I had always hoped for. It said I would have greater security and personal independence... and that's what I had been wanting.

I was a little skeptical, but I said to myself, "for a postage stamp I can find out." So I mailed the coupon. In a few days, I got a letter with a booklet that gave the whole story. It opened my eyes. I could see why owning my own business was so much easier than I had always thought... why the day to day guidance of a successful worldwide organization could assure my own success.

I read the booklet several times. It just seemed too good to be true. I talked it over with my wife. We decided that now was the time to make the forward step... there was no reason to keep postponing an income increase.

So, I applied for a Duraclean dealership and I was accepted. I stayed with my job... ran a few ads... sent some mailings... contacted a few stores and told my friends about the superior services I was now equipped to give them. Evenings and Saturdays, I rendered the service. As the business grew, I added servicemen.

I found that I didn't have to develop a single idea myself. Every step had been prepared for me and pre-tested. Hundreds of other men had already proven my methods successful.

It didn't take long to see that I was making three to four times (yes, 3 to 4 times) as much per hour in my own business as in my printing job. So, after only seven months with a good following of customers, I quit my job to go full time on my own. In the meantime, I had enjoyed all this extra income on top of my salary.

Each day, we realized what a serious mistake not mailing that coupon would have been... and how that little act that seemed so trivial at the time actually changed our lives.

The steadily growing income brought us

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More for your money.

Fort Howard has more ways for you to get more for your money. Like our new 700-foot roll towel. You get more hand-dries and less chance of run-out.

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Either way, your maintenance dollars buy more productivity.



More paper, too.

Your maintenance man may be throwing away up to 25% of your paper dollars in stub roll leftovers when he refills the cabinet. Now the Commander I[®] cabinet lets you load a new roll towel that won't start feeding until the old roll runs out.

Be a waste watcher.

Call your Fort Howard distributor and become a waste watcher. Before another dollar slips away.



Fort Howard Paper

Green Bay, Wisconsin 54305

The Waste Watchers.



Legislative Aid for Union Organizers?

SHOULD government make it easier for unions to organize workers?

President Carter proposed sweeping amendments to the National Labor Relations Act in July. The proposals, which originated with the AFL-CIO, would make it easier for union organizers to win union representation elections.

Subsequently bills were introduced in Congress that not only incorporate the President's proposals, but go further to help unions. [See "Business Fights Union Power Grab," page 21.]

The unions want the National Labor Relations Act revised to speed up the union representation election and certification process. There is no specified time frame for this process now, and it takes a median time of 49 days to petition for and hold an election. This is too long, according to the

unions. They want the National Labor Relations Board to call elections within 15 days after a union files a petition, except in really complex cases, when NLRB could allow 75 days.

Also, the unions want "equal access." This means employers would have to permit union organizers to come onto their property and solicit employees on company time if the employers themselves were presenting arguments in union representation cases.

Business groups argue that the proposals would infringe on the employee's basic right to make up his own mind and the employer's basic right to be heard.

For example, they contend union organizers could work surreptitiously for months to win over workers and

then suddenly petition for an election. Business groups argue that setting a specific time frame for holding the election may sound fair, but actually is not. Employers should have a reasonable amount of time to inform employees of their side, business groups say, and the employees then should have sufficient time to study the issues.

The current election process may take longer than union organizers like in some cases, but business groups say the process does offer some insurance against a union's steamrolling an election. As for the "equal access" provision, business groups argue that this would force an employer to subsidize union organizing activity.

Should it be made easier for unions to organize workers? What do you think?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Should it be made easier for unions to organize workers?

☐ Yes ☐ No

Comments: _____

Name and title _____

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Appeals for a Different Energy Approach

"PRESIDENT CARTER's energy tax proposals would do little to cut demand for natural gas or petroleum products and would do nothing at all to help develop additional sources of energy. Our government should 'think deregulation' and try to stimulate exploration and development of new sources. If prices rise with costs, the American people will very quickly begin to conserve energy without being told by Washington to do so."

This comment comes from Roy F. Schumacher, manager of sales for Bethlehem Steel Corp. in Buffalo, N. Y., in response to the "Sound Off to the Editor" question in the July issue of NATION'S BUSINESS.

The question: "Is higher taxation the way to conserve energy?" Respondents vote no by a margin of more than 18 to one.

Mr. Carter's energy plan includes graduated taxes on automobiles that do not meet federal standards on mileage per gallon and a stiff new tax on domestic crude oil now under a price ceiling.

The President has said that such tax money would be used constructively; purchasers of vehicles that met mileage standards, for example, could receive rebates.

Readers responding to the "Sound Off" question oppose the President's plan for a variety of reasons.

"Taxes should never be used as a measure of punishment," says Vernon J. Lepper, owner and manager of Lepper Real Estate Brokerage, Milaca, Minn. "U. S. auto companies have sold the power and speed idea to the general public for many years, and now our government is asking for conservation of energy. The responsibility for reversing the trends of the past should fall upon those who promoted the waste. I suggest that the punishment should come in the form of fines levied upon the noncomplying auto companies and should have nothing to do with higher costs to the citizenry."

Eldon Doty, president of Republic

Oil Co., Inc., Fairfield, Ill., says: "You cannot legislate your way out of a shortage. You have to drill oil wells, which we could do if the government would let us."

And Patrick W. Callahan, president and chairman of Conroe Chemical Corp., Conroe, Texas, says that if the government would "let us alone, we could find the supplies that are needed." He explains: "Government has taken all the incentives away and imposed so many new rules and regulations that we can no longer find the investors to back us in the effort to come up with oil and gas discoveries."

C. W. Kent, a trust officer with Pan American Bank of Sarasota, Sarasota, Fla., has quite a different view. "The President's plan to discourage fuel hogs is long overdue," he says. "Most Americans have not responded to the call for voluntary conservation; sales of larger cars have surged. The tax levy would encourage Americans to buy less expensive, more efficient cars and drive only when necessary."

On the other hand, G. K. Green, corporate vice president of Cam-

bridge Coal Corp., Terre Haute, Ind., believes that the proposed taxation would be inflationary and would fail to conserve energy. "Affluent Americans would continue to buy what they wanted and pay for the privilege," he says. "Many big, luxury cars are company-owned, and the increased cost of operation and taxes would be passed on to the general public in the form of higher prices."

And Helen R. Dietrich, president of Dietrich & Bendix, Inc., New Orleans, says: "President Carter's argument that the new taxes would be put to good use has no foundation on the record of how present taxes are being used. Suggestions of increased taxation chill the blood of small businesses already laboring under punitive taxation."

Some respondents voting no express doubt about the existence of an energy crisis. Don H. Jones, owner of the Don H. Jones Insurance Agency, Steele, Mo., comments: "The energy crisis is another smoke screen for politicians to squeeze more money out of us." He adds: "Charging more for something is not going to make it more plentiful."



Steven E. Harvey, accounting analyst, Kiowa Corp., Marshalltown, Iowa, votes yes. He says taxes will "decrease demand, and this is the only solution for our problem of limited energy resources."



Edward R. Healy, president of Northern Illinois Water Corp., Champaign, says: "I find it difficult to accept an energy tax imposed by the entity that created the energy shortage."



President Fred J. Nichols of LectroMagnetics, Inc., Los Angeles, offers this explanation for his voting no: "The purpose of taxation is to pay for the cost of the U. S. government, not for social reform."

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Business Fights Union Power Grab

The Carter administration has joined an AFL-CIO drive for legislation that would greatly increase the power of union organizers and could lead to a packed NLRB. Business supports legislation with a different goal—to protect workers

THE BIG labor-management battle in Congress now centers on legislation that would change the underlying philosophy of the National Labor Relations Act.

Specifically, the AFL-CIO is fighting for a proposal that would significantly increase the power of union organizers at the expense of employers and of employees who do not wish to join unions. The proposal also could lead to the National Labor Relations Board's being packed overwhelmingly on the side of organized labor.

For the AFL-CIO leadership, the struggle to win this battle has top priority. Still stinging from earlier defeats in the legislative arena, the AFL-CIO has mounted a mighty effort to salvage something from this Congress.

Carter on unions' side

The labor federation has put together an \$880,000 war chest to finance a massive grass roots campaign for legislation to change the National Labor Relations Act, and it has scored a major victory in Washington: President Jimmy Carter, after months of silence, has come out in favor of the AFL-CIO effort.

What has developed is not only a severe test of organized labor's power, but also a critical test of the strength of people who favor the

rights of employees freely to choose for themselves whether to join a union.

President Carter in July sent Congress a message calling for labor-law changes that the AFL-CIO wants. The President's proposal, plus proposals later endorsed by the President, are in Senate bill S. 1883, introduced by Sens. Harrison A. Williams, Jr., (D.-N.J.) and Jacob K. Javits (R.-N. Y.), and in H. R. 8410, introduced by Rep. Frank Thompson, Jr., (D.-N. J.).

These bills succeed H. R. 77, introduced by Rep. Thompson last January [see "New Union Drive for One-Sided Labor Law," *NATION'S BUSINESS*, July, 1977]. The new bills exclude one feature of the previous bill that business found particularly onerous—automatic certification of a union as a bargaining agent if signed authorization cards are obtained from 55 percent of employees. But they embrace nearly all of H. R. 77's other provisions, many of which business found equally unfair, and add a couple of new pro-union provisions.

The business view

Business, opposing the new bills, is supporting alternate measures designed to give workers a bill of rights to protect them from abuse, whether by unions or employers. [See editorial, page 96.]

Sen. Robert P. Griffin (R.-Mich.), who introduced an employee rights measure in August, told his colleagues that the changes proposed by the President would make the basic approach of the National Labor Relations Act "punitive instead of remedial" and questioned whether this "makes sense."

Dr. Richard L. Leshner, speaking for business as president of the Chamber of Commerce of the United States, called the proposed changes "an ill-advised attempt to further the interests of organized labor at the expense of individual worker rights." He added: "These changes are a thinly veiled attempt to increase the size, financial strength, and political power of organized labor by forcing unionization on the American worker through quick and arbitrary elections and by dictating the economic terms of labor contracts through government intervention."

Rundown of AFL-CIO goals

AFL-CIO President George Meany, however, said: "Currently the odds are stacked against workers seeking to exercise their rights to freely choose, in a government-supervised election, whether they want union representation. The President's proposal will rectify that situation."

The AFL-CIO and the Carter administration basically want:

- Deadlines to speed up representation elections, accompanied by a so-called equal access provision for union organizers—meaning that, if an employer presents arguments to employees in a pre-election campaign during working hours, union organizers must be allowed the same amount of time on the employer's premises during working hours to present their arguments.

- Double back pay for employees fired during a union's campaign.

- Worker wages and benefits to be set by NLRB when it decides that employers have refused to bargain in good faith for a first contract.

- Denial of government contracts to willful violators of the National Labor Relations Act for a period of up to three years.

- Automatic finality of NLRB orders, unless an appeal is filed within 30 days.

- An increase in the size of the board from five to seven members, and permission for two-member board panels to summarily approve unfair labor practice decisions issued by administrative law judges.

Reasons for saying no

Business organizations oppose the proposed amendments on grounds that:

- Expedited elections and equal

access requirements will allow union organizers to steamroll elections.

- Double back pay penalties could be used to intimidate employers during election campaigns by encouraging employees, discharged for whatever reason, to seek unjust enrichment through individual lawsuits in the federal courts.

- Permitting NLRB to take sides and set employee compensation in effect allows the federal government to dictate the economic terms of a collective bargaining contract.

- Denial of a government contract in an effort to punish an employer would likely result in wholesale loss of jobs by innocent employees and imposes no penalty against union violations.

- Requiring that all appeals be filed within 30 days would discourage settlements, resulting in an increase in the workload of the federal courts.

- Increasing NLRB's size is not the solution to speeding up the processing of cases because the basic delay problems are at a stage before cases actually get to the board. Also, the increase could lead to packing the board with pro-union members.

Business sees the AFL-CIO strategy as aimed at gaining more control of NLRB and the representation election process, with an eye toward

widespread organizing in the South, where unions now are weak, and among small firms everywhere. The most prominent target in the South is the textile industry, particularly J. P. Stevens & Co., Inc., which has beaten union campaigns for 14 years. The key to organizing the sunbelt, unions believe, is through amending the National Labor Relations Act, which was amended in 1947 by the Taft-Hartley Act and by the Landrum-Griffin Act of 1959.

The Wagner Act, as the 1935 legislation is commonly called, established the National Labor Relations Board to oversee union representation elections and adjudicate unfair labor practices on the part of employers. The act was designed to foster unionism and flagrantly ignored unfair labor practices by unions.

Packing the board

This oversight was remedied somewhat by Taft-Hartley, which for the first time prohibited unions from specific actions and gave workers the protected right to refrain from union activity if they so desire. Since then the unions have contended that NLRB is a tool of management. Business has contended not only that is this untrue, but that NLRB too often has come down on the side of organized labor.

Employee Bill of Rights—How It Would Protect Workers

FIVE DAYS before President Carter unveiled his proposed changes to the National Labor Relations Act in July, another bill, the Employee Bill of Rights Act of 1977, was introduced in Congress.

Rep. John M. Ashbrook (R.-Ohio), ranking minority member of the House labor-management relations subcommittee, and Rep. John N. Erlenborn (R.-Ill.) cosponsored the bill in the House. Sens. Orrin G. Hatch (R.-Utah) and John G. Tower (R.-Texas) cosponsored the measure in the Senate.

Then, on Aug. 2, Sen. Robert P. Griffin (R.-Mich.) introduced another measure, The Labor Management Reform Amendments of

1977, which included the proposals in the Employee Bill of Rights Act plus alternatives to specific proposals by the President and the AFL-CIO.

The Employee Bill of Rights Act "is not a bill conceived by organized labor," Rep. Ashbrook said. "This is not a bill conceived by business. This is a bill conceived by those of us who fear that both organized labor and big business have failed to protect employees' rights."

A pawn in power struggles

Rep. Erlenborn said that "too often, when Congress considers labor-management legislation, it focuses either on union rights or employer rights—either big labor

or big business." He added: "Forgotten is the employee, who becomes just a pawn in these power struggles."

Sen. Hatch advised his colleagues that one important reason for introducing the legislation was criticism from organized labor that administration of the National Labor Relations Act is cumbersome and deprives employees of fundamental rights.

"However," he said, "let me make it clear that I am primarily concerned about protecting employee rights and unconcerned about making it easier for unions to organize at the expense of those employees who are guaranteed the right to refrain from that activity."

One main feature of the current administration-labor union proposal that the National Chamber and other business organizations particularly oppose is an increase in the board's size. The board now has five members who serve for five years. Under the proposal there would be seven members serving seven-year terms.

Business leaders are reminded of the 1930's, when President Franklin D. Roosevelt tried to pack the Supreme Court. They see a similarity because NLRB is a quasi-judicial body, although the Carter administration refers to it as a regulatory agency and hopes to get support for the change under the guise of regulatory reform.

Currently the board consists of three Republicans and two Democrats. That ratio is expected to be reversed soon because Republican Peter D. Walther is resigning before his term expires, and the President is likely to name a Democrat to succeed him. The President is also expected to reappoint Chairman John H. Fanning, a Democrat.

The other Democrat on the board is John A. Penello. The other Republicans are Betty Southard Murphy and Howard Jenkins, Jr.

While board members say their rulings are not based on either a pro-union or pro-business bias, one of the

two Democrats—Chairman Fanning—is generally considered to be pro-union and one of the three Republicans—Mr. Jenkins—is generally considered to be in the same category. And Mr. Walther's successor is expected to be pro-union.

If two additional members are added to the board, and the President names pro-union Democrats to those positions, the ratio would be a lopsided five to two for organized labor. Normally, panels composed of three board members consider each case before NLRB. The likelihood that the panels' rulings would favor unions would obviously increase.

Short-forming threat

Under the Carter administration proposal, NLRB could also permit any two board members to short-form—affirm, without issuing a written decision, the ruling of an administrative law judge.

Short-forming is permitted now only by the full board. In theory the change would expedite board procedures by quickly disposing of non-controversial cases acted upon by NLRB's authorized 125 administrative law judges, who are hired by NLRB and have lifetime jobs.

Business opponents of this provision point out that approximately 20 percent of the board's decisions

are already handled by short-form orders. Delays, says G. John Tysse, a labor lawyer on the staff of the National Chamber, are not caused by the simple issues disposed of through short-forming, but rather by the more complicated cases which require full board review.

If the board is increased to seven, business organizations fear, more cases would be short-formed in favor of unions, leaving the federal court system the only means of recourse to employers on the losing side. Court actions would increase, which would mean additional costs to employers—costs which eventually must be passed on to the consumer.

Ignored by advocates of the bill is the fact that the real problem of delay in board handling of cases occurs at the preliminary stage, where the administrative law judges hear cases. NLRB takes no action until an administrative law judge has made a ruling.

Chairman Fanning says he is finding it difficult to fill 30 vacant administrative law judge positions which Congress authorized last year. The delay in filling these spots is due to a lack of supergrade government positions, whose numbers Congress also controls.

The added judges will help NLRB handle its case load, Mr. Fanning

The Employee Bill of Rights Act would:

- Guarantee the right to select collective bargaining representatives by secret ballot elections.
- Prohibit unions from fining members for exercising rights protected by the National Labor Relations Act.
- Allow employees to choose whether they want their dues used for political purposes.
- Specify religious conviction as justification for exempting employees from having to join a union.
- Guarantee the right to vote by secret ballot on whether to strike or continue striking.
- Guarantee employees the right to hear management as well as organized labor in union representation cases.

• Protect the employee's right to a legal, arbitrated decision where the parties have agreed to arbitration.

Court contempt actions

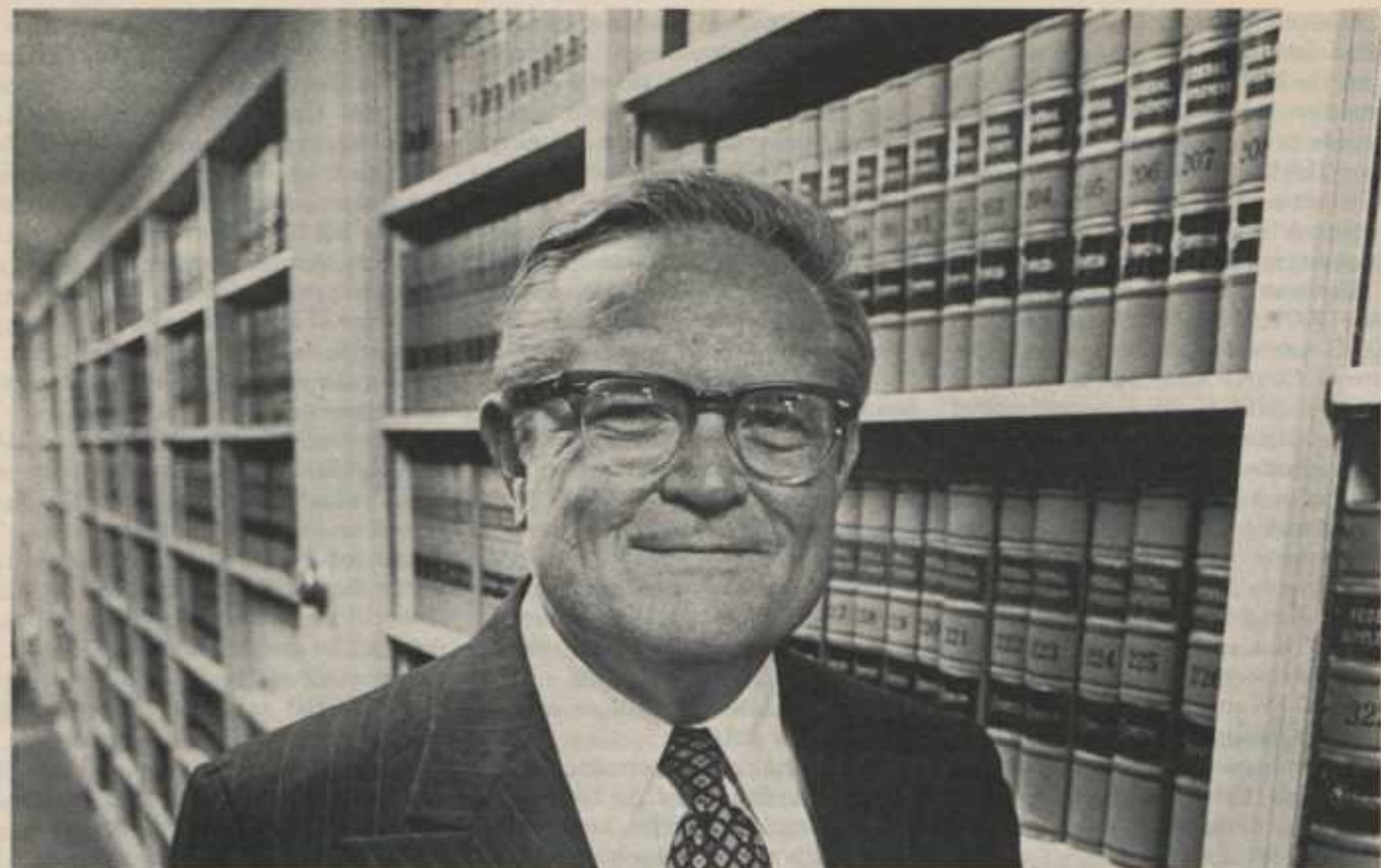
Sen. Griffin's bill offers an alternative to the Carter-AFL-CIO proposal that a business which willfully violates the National Labor Relations Act be barred from government contracts for as long as three years. His measure would use the contempt power of the federal courts to compel compliance with the law.

Under the Griffin bill, a party who filed an unfair labor practice complaint would be able to institute a contempt action in court. This change would place enforcement initiative in the hands of the charging party as well as in the

hands of the National Labor Relations Board.

The senator also proposes giving the charging party the right to seek an injunction, which only NLRB now can do. His bill contains features which he says would ensure that this injunctive power is not used as a tactical device to harass unions or small employers and would "minimize the increase in work load that such a change would have on the court system."

Rep. Erlenborn says that basic to any real reform of labor laws should be the protection of employee rights—and that House and Senate leaders "should be prepared to address, both in committee and on the floor, amendments to the National Labor Relations Act other than those selected by the AFL-CIO."



Robert T. Thompson, of Greenville, S. C., one of the South's top labor lawyers, opposes the equal access provision of the administration-AFL-CIO-supported legislation. He says it "would require the employer to permit strangers on his property and to pay his employees while someone tried to persuade them to become union members."

says, but they are not the whole answer to what he sees as an increasing problem for the board. He says that the case load is not yet unmanageable, but that it eventually will be unless there are procedural changes such as those called for in the AFL-CIO-administration-supported bills.

NLRB anticipates handling 52,000 cases in the current fiscal year. Mr. Fanning estimates the number will grow to 57,000 next year and to 61,000 in fiscal 1979. The extra board members are needed along with procedural changes, he says.

While the threat of packing NLRB alarms business, union power grabs in the election process would pose a more immediate threat.

Steamrolling elections

Currently an NLRB regional office may call a representation election if a union can produce authorization cards from 30 percent or more of the eligible employees. No official time limit has been established for holding elections. The median interval now is 49 days from the filing of a petition.

The Carter administration-AFL-CIO proposal would force NLRB to order an election within 15 days after

a union files a petition, provided that the union has obtained signed authorization cards from a majority of the employees; within 45 days if the union can show signed cards from 30 to 50 percent of the employees, giving the union more time to build majority support; and within 75 days if the board determines there are issues of "exceptional novelty or complexity."

Opponents of these speeded-up election procedures point out the procedures would allow union organizers to dictate the timing of an election.

Further, they argue, the deck would be stacked against employer and employee because unions rarely call for elections unless they have signed cards from 50 to 70 percent of the workers they are trying to organize, and the vast majority of future elections thus would be held within 15 days—a time frame that would help unions steamroll elections.

Business groups want assurance that there is sufficient time for the employer to tell his side and for the employee to consider the arguments on the issues before voting. Also, business wants a full guarantee of secret balloting.

Opponents of the Carter administration-inspired bills see a further threat of steamrolling in provisions that would require NLRB to hold elections despite the fact that there are unresolved issues, such as voter eligibility or the size and character of the bargaining unit.

Harold P. Coxson, chief labor lawyer for the Chamber of Commerce of the United States, says these are "fundamental and often complex issues which will be ignored if quickie election procedures are adopted. Workers are entitled to know the facts before an election is actually held."

NLRB chief is skeptical

NLRB Chairman Fanning, who generally approves of the bills, has some reservations here, too. He pointed out to a House subcommittee that, in certain union representation cases, it is impossible to ensure a fair and free election until unfair-practice questions have been resolved.

Opponents of the bills are appalled at a provision which would require NLRB to issue inflexible rules on what are appropriate employee units

for the purpose of collective bargaining. The provision, the opponents say, would inevitably result in increased litigation.

Inequality of equal access

The opponents are even more appalled by the so-called equal access clause, which in effect would require the employer to subsidize the union's campaign to organize his own employees. The clause was not part of the President's original proposal. As mentioned earlier, the equal access clause would assure that, if an employer or employer representative talks to employees on company premises during regular working hours concerning a union election campaign, union organizers are given an equal opportunity to address employees.

Robert T. Thompson, a well-known Greenville, S. C., labor lawyer who frequently acts as a spokesman for the Chamber of Commerce of the United States in appearances before congressional committees, says:

"This proposed change would require the employer to permit strangers on his property and to pay his employees while the strangers try to persuade them to become union members."

Shutting employers off?

Under present law, an employer is not required to grant company time or facilities to a union organizer to reply to a company speech. Traditionally, NLRB has put employer statements under a legal microscope, and the slightest hint of a careless remark by an employer often leads to an unfair labor charge. The employer seldom, if ever, feels comfortably within the law in getting his arguments across to his employees in a union representation case unless those arguments are presented in a carefully constructed speech delivered on company time.

"Now they even want to take that away from him," Mr. Thompson says, predicting that the employer would be inclined to forgo a session with employees if this means he would be financing a union organizing campaign.

Punishment powers

Under the new bills, the board would be able to take punitive action against employers in three ways:

1. Debarment—denying federal contracts for up to three years to a business held to have willfully vio-

lated the National Labor Relations Act.

2. The awarding of double back pay to employees held to have been discharged unfairly during a representation election or prior to the signing of the first collective bargaining agreement.

3. Intervention in the collective bargaining process with awards of wages and benefits to employees when an employer is held to have refused to bargain in good faith.

Government blacklisting

Opponents of the debarment provision contend that this proposed sanction has as its sole purpose punishing the employer rather than remedying a violation of the law. Punishment in this manner, they say, would probably result in loss of jobs.

Hypothetically, an employer with a violation at one plant could be debarred from contracts at the remainder of his plants. There is no definition of a willful violation in the bills. Presumably, a careless anti-union remark made by a supervisor to an employee could be the basis for federal blacklisting of a business.

Business organizations object to



Republican Congressmen John N. Erlenborn (left) of Illinois and John M. Ashbrook of Ohio are cosponsors of The Employee Bill of Rights Act, which they say will restore fundamental rights that workers have lost over the years.

President Carter's proposals to change the nation's basic labor law follow the AFL-CIO line.



the punitive nature of the proposed doubling of the back pay of discharged employees. Currently NLRB orders an employer found in violation of the law to disburse back pay plus seven percent interest.

Unjust enrichment

Opponents say the double back pay provision would create a potential for unjust enrichment to employees who initiate unfounded court actions against employers.

Potentially the most dangerous provision for punitive damages—it could reach many more employers—is the one that would give NLRB power to award employees compensation based on the difference in wages they actually received during a so-called refusal-to-bargain period and those same wages multiplied by the percentage increase in wages as reported by the Bureau of Labor Statistics in its "Quarterly Report of Major Collective Bargaining Settlements."

The average increase reported by BLS over the past year has been approximately ten percent. In essence, in attempting to make the pay situation "whole" when it finds there was an unlawful refusal to bargain on an initial collective bargaining agreement, NLRB would be getting into the business of writing contracts and guaranteeing a wage increase.

Robert Thompson points out that, over the 42-year history of the National Labor Relations Act, the federal government has not intervened directly in the collective bargaining process. The proposed change would, in effect, "allow the government to

dictate the economic provisions of a collective bargaining contract," he says.

Also causing concern is the proposed requirement that all appeals of NLRB orders be filed within 30 days. If an appeal is not filed, the board's order would automatically go into effect.

Currently there is no such rigid deadline, and many cases are settled through negotiation between NLRB and the accused violator without a court appeal ever being filed. Business says the rigid deadline would often result in court appeals that otherwise would not be filed—thus clogging federal courts with NLRB litigation. In other cases, opponents of the rigid deadline say, the accused would simply knuckle under without fighting for vindication.

Timetable for action

Organized labor's timetable called for the legislation to move swiftly, but there has been a stretchout. Hearings in the House, which were to have been largely completed before the summer recess began Aug. 6, now will resume when Congress returns this month. The Senate will start hearings this month.

Sponsors of the bills are confident that the House version will come to the floor for a vote in this session of Congress and that the Senate will act next year. Opponents of the legislation are determined that the public will have enough time to adequately understand the issues.

Already changes are being made administratively that please unions. On Aug. 15 NLRB announced that,

to speed up representation elections, voting will be held as scheduled despite challenges to NLRB regional directors' rulings on election issues. Ballots will be impounded until the issues are resolved by NLRB itself. In the past voting was postponed in such cases.

Continuing controversy

Secretary of Labor Ray Marshall, appearing before the labor-management relations subcommittee of the House Education and Labor Committee to testify on the legislation, observed: "Some will call this a one-sided bill. I would not be surprised at such a reaction. Industrial relations has been an area of continuing controversy for more than a century, and I don't expect these passions to disappear overnight."

Business organizations reply that the controversy won't diminish as long as one-sided labor bills are being seriously considered by Congress.

Rep. Thompson, who not only introduced the House bill but is chairman of the labor-management relations subcommittee considering the measure, says only a handful of employers willfully resist the National Labor Relations Act. He grudgingly admitted at his subcommittee's hearings that his bill is aimed primarily at this handful.

Hearing that, witness Jay S. Siegel, a Hartford, Conn., labor relations attorney who represents employers, asked a question that bothers the business community and growing numbers of citizens across the nation: "Why use a bazooka to hunt a rabbit?" □

INSIGHT

The Man Who Heads NLRB Now

IF CHANGES in the National Labor Relations Act proposed by the Carter administration and the AFL-CIO become law, they will have a profound effect on the operation of the National Labor Relations Board, which administers the act.

Currently the independent agency, which has a staff of 2,700 located in Washington and 46 field offices around the nation, is a quasi-judicial body. But if some of the changes are adopted, NLRB would have enforcement powers that would give it a lot

more clout than business thinks is warranted.

A key factor in NLRB's new enforcement role would be John H. Fanning, a veteran member of the board whom President Carter named chairman last April, replacing Betty Southard Murphy, a Republican who remains a board member.

John Fanning, who turns 61 this month, has served on NLRB for 20 years. In his pre-NLRB days he was told by Arthur Goldberg, Secretary of Labor in the Kennedy administration

and later a Supreme Court justice, that he did not have a bright future in Washington because he was too standoffish.

Mr. Fanning, a lifelong Democrat who calls Rhode Island home, responded: "Well, Arthur, I'm a New Englander, and I am what I am. I can't change."

Unprecedented appointment

Standoffish or not, Mr. Fanning has had more appointments to NLRB than anyone else in the board's his-

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Bell System



NLRB Chairman John H. Fanning says the National Labor Relations Act has done much "for the quality of life in America," but needs changing.

tory, and he expects still another.

He was first named to the board by Republican Dwight Eisenhower, was reappointed by Democrats John Kennedy and Lyndon Johnson, and was named to an unprecedented fourth five-year term by Richard Nixon.

And his personality hasn't changed, acquaintances say.

Now he is looking forward to an appointment from Jimmy Carter. Mr. Fanning's current term ends in December, and he has reason to think he will serve another term, this time as NLRB chairman for the full period.

Mr. Fanning has acted on approximately 20,000 cases as an NLRB member and has dissented about 1,500 times.

Pro-labor bias?

He is widely considered to have a pro-labor bias, but he disavows such a characterization. He votes on each issue as he sees it, he says. Nevertheless, his voting record at NLRB, on balance, has pleased unions.

John Fanning's family background, if anything, might have pointed him in the other direction.

As a boy in his hometown of Baltic,

Conn., he worked summers in a woolen mill which was run by his father, a former mill owner. The Fanning family was at the upper end of the economic ladder.

Mr. Fanning recalls that "working in the mill convinced me that this was not for me. I wanted to be a lawyer, and I was always happy to see September come so I could go back to school and leave the mill."

Federal labor lawyer

He worked every summer in the mill until he had graduated from Providence College in Rhode Island with a political science degree and from the law school at Catholic University in Washington. After working in a Pawtucket, R. I., law firm for a little more than a year, he returned to Washington in 1942 and found a job in the Labor Department.

The next year he moved to the Pentagon as a War Department labor lawyer. When World War II ended in 1945, he was in charge of the department's industrial relations section. He knew all the top labor leaders by their first names and had gained a reputation for both fairness and toughness

when strikes threatened to stop the flow of materials to the Army.

When the Defense Department was created in 1947, Mr. Fanning was named director of labor relations. He held that job until President Eisenhower named him to NLRB in 1957.

Favors Carter proposals

Mr. Fanning supports the Carter administration proposals, especially the bestowing of new enforcement powers on NLRB. He says the power to force an employer to give double back pay to an employee illegally fired for union organizing activity would be particularly beneficial. "Taking the profit out of unfair labor practices is a very appropriate phrase," he says.

Through management techniques, previous NLRB chairmen have tried to reduce the time required to process cases. Mr. Fanning says that a slight improvement may yet be attained, but that the best hope is in the required election speedups and other steps contained in the administration proposals.

Regarding his record, Mr. Fanning comments: "In my 20 years I have tried to be faithful to the stated goals and the policies of the National Labor Relations Act. That faith stems from a conviction that the act has done as much for the quality of life in America as any other piece of social legislation in this century."

He says he intends to conduct the board's business with dignity, with fairness, and with common sense, which he says is "a great lubricant for the rough spots."

A bit of whimsy

There is a great deal of mutual respect among the NLRB members, but Mr. Fanning says with a bit of whimsy that he "reached the height of popularity as chairman with my fellow board members the day I was designated. Since then it has all been downhill."

He says he does not plan to work anywhere else when he leaves NLRB. Last year he turned down the deanship of a prestigious law school.

However, he notes that Providence College, his alma mater, has become a collegiate basketball power and that he is a rabid follower of the team. "Now, if they started a law school at Providence," he says, "I might be tempted to teach a course in labor law. But only during the basketball season, mind you." □

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Juanita Kreps: More Active



The first economist to serve as Secretary of Commerce hopes to have a larger voice in developing economic policy than her predecessors did. She also is eager to exchange ideas with business

WHEN Juanita Morris Kreps was sworn in as Secretary of Commerce at the White House last January, she was asked about President Carter's claim that it wasn't easy to find qualified women for Cabinet jobs.

She replied crisply: "We have to do a better job of looking."

The President simply grinned and said: "I think she just disagreed with me."

How much Mrs. Kreps, a long-time advocate of women's rights who was a vice president of Duke University at the time of her appointment, disagrees with Jimmy Carter these days is not publicly known. She insists, however, that the President gives her every opportunity to speak her mind. And she has the reputation of one who speaks her mind.

Active economic role

Mrs. Kreps, the first woman Commerce Secretary, is also the first economist to hold the position. As an economist she may project a more meaningful voice in the economic affairs of government than many of her predecessors—there have been 25 Commerce Secretaries since 1913, including Herbert Hoover. Mrs. Kreps is determined to apply her background in economics where it counts: around the Cabinet table chaired by Jimmy Carter.

"I have insisted that, as an economist, I ought to have something to contribute toward the formation of economic policy," she told NATION'S

Role for Commerce

BUSINESS. "I have argued, too, that it is the Department of Commerce that generates most of the relevant information used in shaping our economic policy."

She says that she is "making some progress, but it is a slow business. You see, it is not customary for the Commerce Department to want to have anything to do with economic policy."

30 years in academe

Mrs. Kreps, 56, brings to Washington 30 years of experience in the academic field as a teacher, writer, and administrator. She has served on numerous state and federal advisory committees, councils, and commissions.

A Phi Beta Kappa with a doctor's degree in economics, she has written or co-authored several books (one is titled, "Sex in the Marketplace: American Women at Work") and has served on the boards of the New York Stock Exchange and of such companies as J. C. Penney, Eastman Kodak, and R. J. Reynolds Industries.

Mrs. Kreps was born and grew up in Harlan County, Ky., a coal-mining area wracked by labor violence in the 1930's. Her father operated coal mines for U. S. Steel Corp. She received her bachelor's degree at Berea College in Kentucky and did her graduate work at Duke.

She is married to Dr. Clifton Holland Kreps, Jr., a professor of banking at the University of North Carolina. They have three children, Sara, 26; Laurie, 23; and Clifton III, 22.

From weather to works

Juanita Kreps reigns over what is probably the most heterogeneous federal department, one whose 38,000 employees are engaged in everything from forecasting the weather and testing consumer products to overseeing the American merchant marine and supervising the \$6 billion local public works program.

By reputation, the Commerce Department is not high in the Washing-

ton pecking order and does not enjoy the prestige, say, of the Treasury, State, or Defense departments. One of Mrs. Kreps's principal goals is to change that.

Dialogue with business

While Commerce traditionally has been considered the business community's department of government, businessmen in recent years have turned more and more to such other departments as Treasury to get through to the White House. Mrs. Kreps would like to change that, too.

"The Commerce Department has

explains, there are too many shades of meaning to those terms.

"The President is more comfortable with a balanced budget than with an unbalanced budget," she says.

"But the reason behind his balanced budget approach is important to understand. What I think I hear him saying is that, in a time of heavy inflationary pressures, you have to balance the budget. Which is what any economist, even a liberal economist, would say.

"I think the President has a lot of concern about inflation.

"Now, I don't know what he would

"It [the department] has not elicited, nor has it used, the kind of advice that the private sector ought to provide the administration in power."

not built a momentum of ongoing purpose, and it doesn't seem to me to have had an effective dialogue with the private sector," she told *NATION'S BUSINESS*. "It has not elicited, nor has it used, the kind of advice that the private sector ought to provide to the administration in power."

Juanita Kreps is trying to spark such a dialogue in order to get the business view on a wide range of subjects—inflation policy, national health insurance, tax reform, and the like.

"While we might or might not endorse these views, we still want to consider them," she says.

Mrs. Kreps is confident that she can get President Carter's ear when she needs it, and she thinks that she can serve as a useful conduit between the business community and the White House.

Characterizing Carter

She is reluctant to put a liberal, middle-of-the-road, or conservative label on the President because, she

say about balancing the budget if there were heavy unemployment and the price level were stable. I think he would come out differently. In that respect I have difficulty dubbing him a fiscal conservative."

Mrs. Kreps acknowledges that businessmen, as a group, feel more comfortable with a Republican in the White House, but she hopes that feeling will change.

The business climate

"If businessmen appreciate some of the things that this administration is trying to do—and if we are successful in accomplishing them—we will be over the hump," she says.

Assessing the economic climate today, she says that "business is ready to go. I think business is optimistic and views with great relief the return of prosperity." Then she adds: "Along with the return of good markets, I think, business would like some kind of assurance that there is a stability of expectations with respect to gov-

ernmental policy. Businessmen also would like to see some reform in the regulatory area. They would like to see a tremendous reduction in the amount of paperwork and in regulations generally."

Mr. Carter, of course, has promised relief for business in these areas.

What, Mrs. Kreps is asked, is the most useful role government can play insofar as business is concerned? She replies:

"Keeping the markets as free from interference and monopoly as possible. Giving the signals that businessmen must have if they are to move ahead. Providing stability in the economy."

Pricing out programs

Mrs. Kreps is not particularly happy with the way government—particularly the federal government—has pursued some programs without considering their costs. She would like to see economic impact studies made in much the manner that environmental impact studies are made.

"If the people want a piece of legislation, let us say better retirement benefits, they should know what it is going to cost," she says. "We should price out every new benefit so that the people will have an honest choice."

"I know some of these programs are difficult to price. But some of them aren't, and we have been ducking the issue. It isn't that this administration doesn't want to do socially useful

things with the taxpayers' money, but we just want to know how much these things are going to cost."

Took a pay cut

As with many high-ranking government officials, Mrs. Kreps took a pay cut to come to Washington. She gave up an annual income of \$100,000 from her vice presidency at Duke, her positions on corporate boards, and her writing to accept the \$66,000-a-year Cabinet post.

Although she naturally and gracefully carries out the role of a soft-

spoken, genteel Southern lady, Juanita Kreps is said to be tough when circumstances demand. While she has never run an operation of such size and scope as the Commerce Department before, she has the good fortune of being surrounded by knowledgeable teammates.

Millionaire Sidney Harman gave up running Harman International Industries, Inc., a manufacturer of audio-electronics systems, to serve as under secretary of Commerce. He has said of Mrs. Kreps: "If she were not here, I don't know that I would be."

Mrs. Kreps is often called to testify before congressional committees, and she carries the message of Commerce to a variety of forums in speeches all across the nation.

The first woman and the first economist to head up the Commerce Department, Mrs. Kreps has 38,000 employees. Here, she meets some of them in one of the department's two vast printing plants.



Jerry J. Jasinowski, assistant secretary for policy, who was the senior staff member for the Joint Economic Committee in Congress, turned down jobs at the White House and the Treasury and Labor departments so he could be a member of the Juanita Kreps team.

Mr. Harman lured investment banker and lawyer Frank Weil to Commerce from Kidder Peabody & Co., Inc., where he was a partner. Mr. Weil directs the Domestic and International Business Administration, whose principal mission is to identify

export markets for American businessmen.

In her first months in office, Mrs. Kreps reports, she has learned that the Commerce Department is not the potpourri of disparate parts that it is often thought to be.

One central purpose

"In reality, I find here a series of very strong agencies which all hang together around the central purpose of moving the business economy ahead and helping to keep the economy operating smoothly," she says.

Juanita Kreps is not waiting for businessmen to come to Washington; she is going out to them, speaking to and meeting with them in various parts of the country.

"I'm finding that what bothers businessmen in Los Angeles is not necessarily what's bothering businessmen in New York," she says. "It is very useful to get the viewpoints of these businessmen in their own environment. That tells me a lot about the problems affecting business."

She is asked about the image of business.

What the Commerce Department Does

The role of the Department of Commerce is to encourage, serve, and promote the nation's economic development and technological advancement. This work is carried out with 38,000 civil servants and a budget this fiscal year of \$2.3 billion. The Secretary of Commerce is responsible for these major activities:

Domestic and International Business Administration. Promotes the growth of U. S. industry and commerce, both foreign and domestic; stimulates the expansion of U. S. exports; and is geared to prepare and execute plans for industrial mobilization readiness through government and business cooperation.

Economic Development Administration. Carries out the principal provisions of the Public Works and Economic Development Act of 1965 which cleared the way for long-range economic development of areas with severe unemployment and low family income problems.

Maritime Administration. Administers programs to aid in the development, promotion, and operation of the U. S. merchant marine. It is also charged with organizing and directing emergency merchant ship operations.

Office of Minority Business Enterprise. Coordinates the efforts of the federal government toward

establishing, preserving, and strengthening minority businesses.

National Bureau of Standards. Provides the basis for the nation's measurement standards, which are the means through which people and nations buy and sell goods, develop products, judge the quality of their environment, and provide guidelines for the protection of health and safety.

National Oceanic and Atmospheric Administration. Explores, maps, and charts the global ocean and its living resources. Reports the weather of the U. S. and its possessions. Issues warnings against hurricanes, tornadoes, floods, and other destructive natural events. Provides special services in support of aviation, marine activities, agriculture, forestry, urban air-quality control, and other weather-sensitive activities.

National Technical Information Service. Improves public access to Commerce Department publications and to data files and scientific and technical reports sponsored by federal agencies.

Patent and Trademark Office. Examines applications for patents and trademarks and issues patents and registers trademarks.

Bureau of the Census. The bureau is a general-purpose statistical agency which collects, tabulates, and publishes a wide variety of statistical data about the people

and the economy of the nation. This includes, of course, the population census taken every ten years.

Bureau of Economic Analysis. Prepares, develops, and interprets the economic accounts of the United States. These accounts provide a realistic, quantitative view of the economic process in terms of the production, distribution, and use of the nation's output.

Office of Telecommunications. Seeks to reduce uncertainty with regard to the development of new, high-technology telecommunication systems and services, either by government or by the private sector.

United States Travel Service. Encourages foreign nationals to travel to the United States in order both to improve international understanding and to help alleviate the travel deficit in our international balance of payments.

National Fire Prevention and Control Administration. Promotes better fire prevention and control and gives support to state and local governments in these areas.

Office of Product Standards. Ensures that the U. S. public interest is adequately promoted and protected in domestic and international product standardization activities, both governmental and private.



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"The image of business is bad, in the sense that everyone's image is bad these days," she says. "I don't think that the public is singling out business for criticism any more than any other institution. If you look at the opinion polls that put business down, they also put you and me down. The public doesn't believe in the executive branch of government or Congress or the Supreme Court or labor unions or even the family doctor. Even college professors get very low marks.

"I have to conclude that the public is responding to a lot more publicity about the sins we are all committing."

Congressional testimony

Mrs. Kreps has been active in connection with a number of issues which directly affect business. She has testified on Capitol Hill, for example, on such matters as women in business, exploiting resources on the ocean floors, the Arab boycott of certain American companies, the administration's economic recovery package, and the Public Works Employment Act of 1976.

In public appearances around the country she has focused attention on economic development; corporate responsibility; ways to help the domestic shoe industry; so-called cargo preference legislation, which would require that an increasing amount of imported oil be carried on American ships; the tuna-porpoise dispute; expansion of U. S. exports; and finding ways to improve economic statistics.

Also, Mrs. Kreps is pressing for adoption of an idea she developed while at Duke—the withholding of full Social Security benefits until recipients reach age 68, instead of 65 as at present. This, she says, would reduce enormously the drain on Social Security funds. Mrs. Kreps feels her idea is timely now that efforts to abolish mandatory retirement at 65 are gaining support in Congress.

Signals to business

American business, Mrs. Kreps believes, is as flexible as the day is long because businessmen make adjustments as a result of signals from the marketplace. However, she says, businessmen sometimes have trouble figuring out which signals to follow. She elaborates:

"For a number of years before the whole women's movement boomed, I argued with businessmen in behalf of jobs for women, and I got a con-

sistent answer. It was a good answer. They would say: 'Look, society has always told us, in one way or another, to treat women differently than we treat men. We have done that. If society is going to tell us to treat women the same as men, we can do that, too. But the message we are receiving is the one that we are following.'

"There is a great deal of ambivalence in our society today. We are ambivalent about whether we want clean air or jobs. We are ambivalent about whether we want to generate jobs and more inflation or have some unemployment and keep price levels where they are. We are ambivalent about women—whether we want them in the home taking care of babies or whether we want them out in the work force.

"So it is very difficult for a businessman who has to produce for a market at competitive prices. He is getting all these conflicting signals, and I don't think he is particularly well-equipped to interpret them properly. Here is where I think the government can help because government is a very effective mail drop for all sorts of complaints. Sometimes we can interpret these complaints better than business."

First woman, second choice

Being the first woman to head the 64-year-old Commerce Department does not particularly impress Juanita Kreps. As she puts it: "We have reached the point where it isn't so remarkable anymore to be the first woman in anything. I have been the first woman in so many things, it is not important."

Actually, Mrs. Kreps was not President Carter's first choice for Secretary of Commerce. The job was offered initially to Jane Cahill Pfeiffer, a former International Business Machines executive who is now a consultant.

If Juanita Kreps was miffed over that fact, she didn't show it. Shortly after her appointment newsmen sought to draw her out, but she played the game good-naturedly. She said:

"Jimmy Carter wasn't my first choice, either."

Then she disclosed that she had supported former North Carolina Gov. Terry Sanford, now president of Duke University, in his 1976 bid for the Democratic presidential nomination. □

Chop the Chitchat —Save Time and Money

By Charles H. Ford

Talk is not cheap. Peripheral conversation cuts productivity and costs business a fortune. Here is why the waste occurs—and what you can do about it

THE AVERAGE American businessman talks too much. And that is costing business a fortune.

A common complaint of executives is: "There are not enough hours in the day to get everything done." Some react by ignoring home and family and make extra time by working ten to 12 hours a day. Others simply limit their output.

The fact is, if he talked less, the average executive would have the time he needs.

Time wasted

A study of 18 executives in 14 companies shows that the average executive spends 5½ hours a day in conversation, including at meetings, on the phone, and in dictation.

Of this 5½ hours, the executive wastes about two hours in "conversational fat."

Putting this in perspective, two hours of conversational fat a day equal 13 wasted 40-hour weeks a year, or one workweek out of every four.

Thus, if a company has 100 executives, conversational fat takes the equivalent of all the time of 25 of them. That's a loss of 25 percent of the company's most important asset: management talent. What company, especially today, can afford this kind of waste?

"Fat" defined

By conversational fat, we mean conversation not directly relevant to the subject being discussed. It includes:

- Completely extraneous conversation.
- Nonessential background information.
- Tangential conversation.
- Conclusion-supportive conversation.

The easiest to spot, of course, is extraneous conversation. For instance:



"Sensitize yourself and others to conversational fat —listen for it and identify it. Many have lived with it so long that they no longer notice it."

"Guess whom I met in Chicago last week?" followed by a discussion of how they met, what the other person is doing now, etc.

Or, "That's a nice-looking suit; where did you get it?" followed by a discussion of the store where it was purchased, the price of the suit, the kind of fabric from which it was made, and other stores that carry men's clothing.

Toss in office gossip or chitchat about last weekend's golf scores, and the nature of extraneous conversation becomes clear. A prime example is the story, before a meeting, that takes only five minutes but ties up, say, six people for a total man-hour loss of half an hour.

Some background information can be quite interesting but still unnecessary. For example:

The president turns to someone in a meeting and asks, "By the way, is the Jones order all settled?" The reply may include a tracing of the development of the order, the number of meetings it took, the location of the final meeting, the points that had to be ironed out, who gave in on which point, an analysis of Mr. Jones's personality, and so on.

Everything in the reply except yes or no is nonessential. You can assume that, if the president wanted or needed additional details, he would have asked for them.

The business at hand

Tangential conversation is especially insidious because it follows so easily from one subject to another. The concluding part of one statement becomes the lead-in for the next. While all of the conversation can relate to business, it is not the business at hand. For example:

A production executive asks another executive, "Do we have room for this machine if we decide to buy it?"

The answer can go from "No, but we can make room" to a discussion of where room can be made, followed by an explanation of how room can be made and a discussion of what is now occupying the space. Everything except "No, but we can make room" is tangential.

Conclusion-supportive conversation is wasted wordage that either starts with a conclusion and works back to an explanation of how the conclusion was reached or starts with the details that led to a conclusion not revealed until the end. For example:

The president asks his vice president for marketing, "What are we projecting for the sale of our new line next year?"

The vice president can simply reply, "Two million." More often, however, he will give the figures, then tell how the figures were reached, describe the market studies that were held, cite the interpretations he placed on certain results, and relate how the effort was organized.

The answer is, "Two million." Everything else is conclusion-supportive. What follows those two words may be interesting to the listener and self-gratifying to the speaker, but it is not essential to the answer.

A matter of tempo

Why do business people talk too much? Generally, for one of three reasons.

The first is a corporate climate in which no one is really in a hurry to get back to work.

Companies have personalities and character; employees develop work habits that become part of the pervasive environment in which the organization functions. Part of this environment is the corporate tempo—the pace at which an organization makes and implements decisions or reacts to pressures.

Generally, no one questions an organization's tempo because it is considered normal for that organization. Obviously, however, the faster the corporate tempo, the terser and more direct its oral communications.

Witness the executive who has a plane to catch or a



"Executives enjoy the give-and-take of conversation. They like persuading people and being center stage."

dinner party to attend and who is running late. He talks faster, cuts to the heart of the matter, shows his impatience with peripheral conversation. While shoveling papers into his briefcase, he makes decisions that ordinarily might take hours.

Unfortunately, people don't always have a plane to catch. They are not always in a hurry. Conversational fat flourishes in an environment where the air is not charged with the excitement of a deadline.

Hearing yourself talk

The second reason that executives talk too much is simply that people like to talk. Executives enjoy the give-and-take of conversation. They like persuading people and being center stage.

Most executives feel they know quite a bit more than they are given credit for—and conversation seems the

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best means for revealing to others this latent wisdom.

Subordinates usually like the visibility that conversation with a boss gives them. They sometimes feel, subconsciously perhaps, that the longer the conversation, the more points this type of visibility gives them.

And some bosses like having subordinates' ears attuned to catch the boss's pearls of wisdom. These executives enjoy the prerogative of having the last word, and they tend to drag out conversations.

Self-justification

The third reason executives sometimes hold forth at length is that they feel a need to justify the amount of time they spend on a project.

For example, it would be difficult for the vice president for marketing, when asked how many items he plans to sell during the coming year, to give an answer that takes perhaps two seconds. After all, he spent two or three months on market studies to develop the information. He feels a compulsion to explain his role in the development of this information, how he organized it, what judgments he had to make, and what time was required.

Solving the problem

What can be done about conversational fat?

First, recognize it as a problem. Think in terms of what a ten or 20 or 30 percent loss in executive productivity costs an organization. Sensitize yourself and others to conversational fat—listen for it and identify it. Many have lived with it so long that they no longer notice it.

Think in terms of overall effect. Think what shorter, more-to-the-point conversations could do to company tempo. Think of the benefits that would follow as the corporate pulse beats faster.

Second, publicize the objective of reducing verbiage throughout the organization. Tell others what to look for, how to identify wasted wordage, how to avoid it, and what it costs in both time and tempo.

For example, after a meeting, distill the essence of what took place and estimate the time it should have taken to convey that information. Compare that with the time the meeting actually took. Multiply the difference by the number of people present to get an estimate of man-hours wasted. In terms of lost time, the results can be staggering and should provide an effective means of driving home the point you want to make.

A happy medium

In no way should managers become programmed automatons blurting out monosyllables. No one will disagree that a work environment should be somewhat relaxed or that a free-and-easy conversational attitude is a part of a relaxed environment as well as a source of ideas and information.

American businesses, unfortunately, have swung to the other extreme.

Contrary to the old saying, talk is not cheap. When talk fritters away a good chunk of an organization's most important asset, managerial talent, it is costly indeed. □

MR. FORD is a management consultant and co-owner of Duval Corp., a plastics manufacturer in Norwood, Mass. Reprints available. See page 72.

One Way to Get Good Workers

By Richard Ross

Some businesses are finding that retirees and other older people have special value as temporary employees

"GOOD HELP is hard to come by." This homemaker's classic complaint has become the lament of business people everywhere. To compound the problem, good help ordinarily is expensive help in terms of recruiting, training, salary, and benefits.

Increasingly, however, budget-conscious executives are discovering that using older persons as temporary workers is a handy solution to the problem.

Older workers offer a variety of extra values to employers. Studies have shown that these workers generally have more reliable work habits, including lower absenteeism rates. From their years of experience and wide-ranging backgrounds, they have acquired skills, knowledge, and attitudes not characteristic of people just entering the work force. Also, older workers generally have an enthusiasm for business and a desire to be involved in useful, productive activities.

Sizable savings

Hiring these temporary workers can mean reducing tangible expenses between \$1 and \$1.25 an hour per employee because of savings on payroll taxes and extra benefits. For companies with 5,000 employees or more, which tend to pay above-average benefits to full-time employees, the savings can be even greater. And these figures do not reflect the sub-

stantial savings achieved by elimination of the costs of recruiting, medical testing, training, and separation pay.

For these reasons many business managers are no longer limiting their use of temporary help to such traditional replacement situations as filling in for a vacationing secretary. They are scheduling operations to include older temporary workers on a regular basis.

For example, the Federal National Mortgage Association uses temporary personnel to handle mortgage authorizations by telephone. FNMA reports it prefers older employees, having found them more likely to

meet the high standards required in carrying out mortgage transactions. It notes that older workers, contrary to the stereotype, are more adaptable, since they have learned over the years to adjust to change.

Avoid overstaffing

Many older people are available for repeat assignments, unlike students, transients, or temporarily unemployed workers.

Several New York savings banks, because they need capable personnel who can return in the future, employ older temporary workers as part-time tellers. The banks cannot afford to overstaff just to handle the volume of business that is customary in the early part of the month during the posting of dividends. Employing mature temporary help on a repeat basis is an economical way to handle these peak periods.

Major New York City banks that serve as stock transfer agents use older temporary workers for auditing both individual and brokerage accounts. The banks say that not only do they eliminate the cost of extra benefits—currently figured at 30 to 35 percent of payroll—for underutilized permanent employees this way, but their unemployment compensation costs are lower because they have fewer employees subject to layoffs.

Turnabout on turnover

Companies in fields such as insurance and brokerage are using new approaches to solve the problem of rapid turnover that traditionally has plagued departments responsible for mailing, shipping, and volume typ-

Checklist for a Choice

Careful selection of an employment service can maximize the advantages of using mature temporary help. The following checklist may help. Does the service:

- Provide quick and continual follow-up to ensure that the job is being satisfactorily filled?
- Use a job-related testing program and professional interviewers to screen applicants?
- Have the financial stability to assure continuous long-term ser-

vice, regardless of the economic climate?

- Offer an unconditional guarantee that it will not charge clients who are dissatisfied?
- Provide free training time to clients, where necessary, thereby ensuring full productivity when temporary workers actually start on the job?
- Maintain adequate liability insurance to protect itself and its employees?



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ing. By staffing an entire operation with mature temporary help, a department manager is assured of adequate coverage on all shifts and can request additional personnel during seasonal rush periods. Besides the savings in time and money spent on recruiting and training, these businesses benefit from the reduced cost of insurance and bonding, since the employment service that provides their temporary workers covers these expenses.

Many companies and organizations, such as the American Institute of Certified Public Accountants, are using older temporary employees for special projects—surveys, product demonstrations, trade exhibits, or field assignments. Because full-time employees do not have to be taken off their jobs for these activities, there is minimal disruption of regular operations.

Some companies which retain retired employees for continued or special work on a part-time or on-call basis set up a payrolling plan with a temporary employment service. Under this system the retirees are employed by the temporary employment service, but can continue to work for their former company. The company saves the payroll costs associated with full-time employment, and the employees' retirement benefits from the company are not affected.

Regular planning

Planning well in advance is, of course, advisable. Estimates of the number of temporary employees needed on the job can be made at the same time that regular manpower planning is done, on a quarterly basis if possible. Acquainting the employment service thoroughly with the various operations and facilities where temporary workers will be used will help in selecting those best suited for the job.

If done properly, employing older temporary workers can be a highly rewarding way to use the expertise of the past to meet the challenges of the present. □

MR. ROSS is president of Mature Temps, Inc., an employment service which provides temporary workers. Mature Temps, which is headquartered in New York and has offices in other cities, emphasizes placement of older workers. It is a subsidiary of Colonial Penn Group, Inc.

AHEAD
IN CONGRESS

The Crucial Issue of Capital to Pay for Tomorrow

The approach that President Carter
and Congress take toward tax revision
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A SMALL GROUP of citizens from various walks of life met on a warm day recently in Pape's Restaurant in Conneaut, Ohio, a community of 15,000 on the Lake Erie shore.

When their lunch and discussion had ended, those citizens had become the nucleus of "The Committee of 1,001 for U. S. Steel," which will conduct an all-out drive to demonstrate community support for the steelmaker's plan to build a major facility in the Conneaut area.

The committee, which hopes to enroll at least 1,001 citizens, includes representatives of large and small businesses, organized labor, and chambers of commerce, as well as others.

More and better jobs

"People here are really looking forward to the opportunities this plant would provide," says William F. Hodgkiss, vice president and controller of the Northeastern Ohio National Bank and chairman of the citizens' committee. "It would provide opportunities for more and better jobs, for a higher standard of living, for the type of jobs that will enable our young people who go away to college to come home to work."

Stanley Yendriga, a staff repre-

sentative of the United Steelworkers of America who is serving on the committee, says: "We want to make it clear that the community is really behind the idea of having this facility and the jobs it will provide."

The prize the committee is seeking for the Conneaut area is a big one. U. S. Steel Corp. is considering construction of a plant there with the capacity to produce at least four million tons of steel annually.

Edgar B. Speer, chairman of the company, points out that "some important employment prospects are involved. If a decision to proceed can be made, about 8,000 permanent jobs would be directly created by this investment. In addition, at least 25,000 to 30,000 jobs, in industries both large and small, to support the plant and its workers would be created."

Key word: investment

The key word in that statement is investment, a process that is as vital to residents of Conneaut, Ohio, as it is to Wall Street, and as important to the small business as it is to U. S. Steel.

While community support for economic growth is tremendously important as no-growth forces become more militant, the answer to a fun-



PHOTO: JOHN LAURIE—BLACK STAR

damental question usually determines whether a new plant is constructed. The question: Is enough money available to build it?

The direct relation between investment and jobs is what makes capital formation one of the most crucial issues of the day. The country's continued economic health could well depend on the availability of funds for investment.

Capital formation has powered the economic growth that has seen the number of Americans holding jobs soar to more than 90 million.

That growth must continue if the millions of new workers who enter the labor force each year are to find jobs and if the demands of a growing population for goods and services are to be met.

The cost of tomorrow

Roger E. Anderson, chairman of Continental Illinois Corp. and its principal subsidiary, Continental Illinois National Bank and Trust Co. of Chicago, simplifies the capital formation question this way:

"How much will tomorrow cost?

Where will the money come from?"

Estimates of the capital needs of American business over the next decade are calculated in the trillions of dollars. And business is gravely concerned about government policies that discourage capital formation.

U. S. Steel's Chairman Speer sees an overall "bias against capital formation" in existing tax laws.

Another problem is the paradox in which capital formation is both one of the most important and least understood economic issues as far as the general public is concerned.

Tax reform proposals

Chairman Anderson of Continental Illinois says that "capital is the basic raw material and prime fuel of our economy. Yet the whole cycle of its production and use, including the role of financial intermediaries and markets, needs much better and fuller explanation."

Capital formation is a particularly vital issue right now because of tax reform proposals being drafted in the White House for presentation to Congress this fall. Congressional con-

sideration of the proposals is expected to run well into next year.

Business believes that the approach President Carter and Congress take will be decisive in showing whether they are genuinely interested in encouraging job-producing investments.

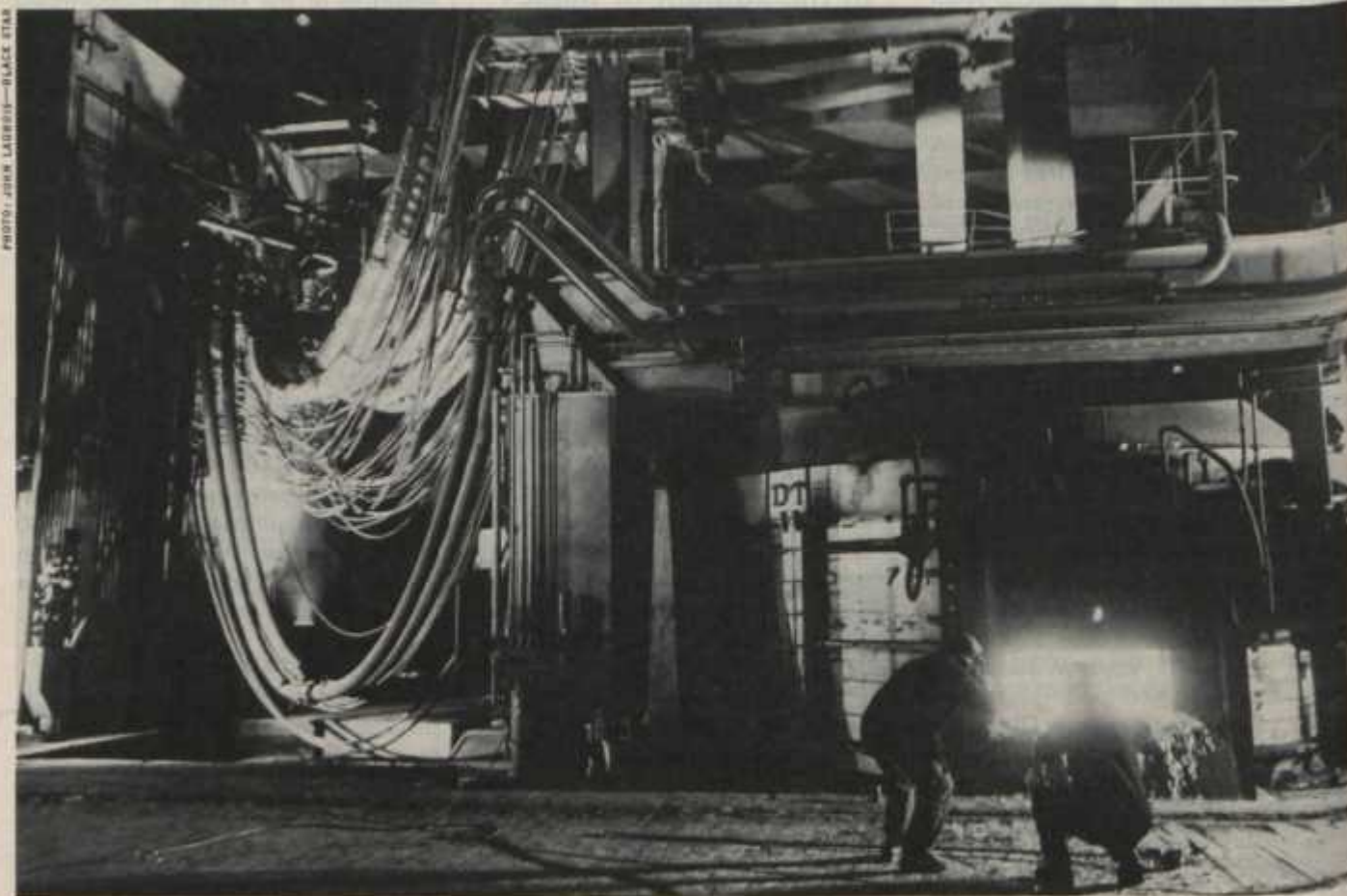
These are basic business community goals for tax revisions that would stimulate investment:

- A policy of prompt capital recovery allowances in place of the useful life expectancy now used to measure depreciation of assets.

- A permanent 12 percent investment tax credit in place of the present, temporary ten percent level.

- Elimination of double taxation of corporate earnings, which are now subject both to the corporate income levy and the personal income tax when they are paid out to shareholders.

- Reductions in both corporate and individual maximum income tax rates, with the latter to be set below 50 percent as opposed to the present 70 percent ceiling on unearned income and 50 percent on earned in-



If business does not have enough money to spend on modernizing and expanding plant and equipment, it won't be able to provide the jobs and products required to keep our trillion-dollar economy healthy.

**"My problem is keeping drivers happy.
The better the truck, the better the
ride, the more the driver
is going to produce for you."**

Phil Plane—Freund Leasing



come. The maximum corporate rate is now 48 percent.

- Reduction in the rate of capital gains taxation proportionate to the length of time a capital asset is held, with the reduction being gradual and continuous. Assets must now be held for nine months to qualify for capital gains treatment, and the holding period will be one year as of next Jan.

1. There now is no reduction in the tax rate if assets that are sold have been held for longer periods.

Force for progress

The American Assembly, a Columbia University affiliate established by Dwight D. Eisenhower when he was president of Columbia, recently sponsored a conference on the capital

needs of this country over the next decade. The conference was attended by industrialists, bankers, academics, business editors, and government officials. A report was issued which said:

"Real capital investment is an important contributor to the attainment of productivity growth, high employment, and environmental improve-

Other Capitol Hill Action to Watch

Congress is returning from its month-long summer recess to an agenda loaded with issues of vital importance to business. Here are some of them:

ENERGY

Considerable discussion and debate remain, particularly in the Senate, on the massive energy package President Carter sent Congress last April. Congressional decisions could well set basic energy policy for the rest of this century. Taxes, price controls, mandatory conversion of boiler facilities to the use of coal, mandatory and voluntary policies to increase energy efficiency and conservation, and federal standards on how much utilities can charge for electricity are key features of the energy legislation.

MINIMUM WAGE

Big labor had hoped President Carter's acceptance of a compromise minimum wage proposal would generate sufficient pressure to push the bill through Congress before the summer recess began.

That hope faded when the House spent a longer period than expected on farm legislation and then gave priority to energy just before the recess. The delay gave business more time to press its case that the wage legislation would intensify inflation and decrease employment.

The Chamber of Commerce of the United States, for example, sent all members of Congress results of a survey showing that 94 percent of the federation's small business members oppose the minimum wage bill's major provision, which would impose automatic annual increases by setting

the pay floor at a level equal to 53 percent of the average factory wage.

Other findings of the survey show that, if the pending bill were passed, 76 percent of the small business respondents would defer hiring new employees, 41 percent would reduce the workweek, 40 percent would cut their work force, and 46 percent would invest in labor-saving equipment.

This breakdown reflects the actual experience of small business owners in the wake of the last minimum wage increase, which brought the level to the current \$2.30 an hour. The same survey shows that, as a result of that boost, 75 percent of the small businesses held off hiring new employees, 45 percent cut the workweek, 39 percent cut the work force, and 50 percent found labor-saving machinery more attractive. At the same time, operating costs went up at 69 percent of the firms, and 56 percent had to raise prices. Also, 84 percent had to increase the pay of some employees above the minimum to maintain a balance between inexperienced workers and more productive ones.

Under the compromise legislation, the minimum wage would go to \$2.65 next Jan. 1; to 52 percent of the average factory wage, or an estimated \$2.90 an hour, on Jan. 1, 1979; and to 53 percent, or an estimated \$3.15 an hour, on Jan. 1, 1980.

SOCIAL SECURITY

Business is deeply concerned over a remedy for the Social Security system's severe financial problems that has been proposed by President Carter and is due for congressional action this fall.

The President would use general tax revenues to shore up the system and would require employers to pay Social Security taxes on their entire payroll. Employees would continue to pay only up to the designated wage ceiling.

Business analysts estimate that, of the \$35 billion in additional income the President's plan would generate over the next five years, business would pay \$31 billion.

The business community is supporting a plan under which the tax rate on both employers and employees would rise 0.3 percent on top of the 0.2 percent increase that takes effect next Jan. 1 under existing law. The present rate of 5.85 percent, which is to rise to 6.05 with the scheduled increase, would go to 6.35 if the business recommendation were adopted. Employers and employees would continue to pay at the same rate. The tax on the self-employed would be 1½ times the basic rate.

RETIREMENT

The House is preparing to act on legislation that would prohibit mandatory retirement for workers in the private sector before age 70. Business is concerned about the impact of such legislation on health-care insurance and other operating costs.

SUNSET LEGISLATION

The Senate Rules Committee will open hearings shortly on a bill requiring periodic review of all federal spending programs, including those for regulatory agencies. Programs determined to be ineffective or otherwise undeserving of continuation would be denied future funding and would be terminated.

**"My problem is the weather.
With all the salt and corrosion up here,
trucks keep rusting out."**

Richard Cole—Cole Trucking Co.





Investment capital is a vital factor for the nation's construction industry.

PHOTO: ASSOCIATED GENERAL CONTRACTORS OF AMERICA

tal shortage now or that one is likely to exist in the future. The major problems of the economy, including the lag in business investment, stem from the economic instability that characterized the 1970's."

But Robert R. Statham, director of the tax and finance section of the Chamber of Commerce of the United States, told the subcommittee:

"The American economy is faced with a major need for capital which we cannot continue to ignore. It is important that our tax policy be remolded to encourage capital formation. We must apply those principles in our taxing system that promote the modernization and expansion of our productive facilities. The other highly industrialized nations understand these principles and are applying them. If we are to continue to improve our standard of living, reduce unemployment, and solve our inflation problem, we must adjust our tax policy to favor capital formation."

That view was echoed by Dr. Charles E. Walker, former deputy secretary of the Treasury and now one of Washington's top business consultants. He was testifying in his capacity as chairman of the American Council for Capital Formation, which is financed by businesses and business organizations.

Dr. Walker told the subcommittee: "This nation is confronted with an increasingly serious and potentially crippling problem—an impending dearth of the real capital so badly needed to help us restore full employment, contain inflation, and balance our international transactions."

Full tax on capital gains?

Treasury Secretary W. Michael Blumenthal, former chairman of Bendix Corp., has indicated general support for tax changes to stimulate investment, but has made business apprehensive about the possibility that the President will recommend abolition or curtailment of preferential treatment of capital gains.

In a speech to the City Club of Cleveland, the Secretary struck a positive note when he said that a "major shortcoming of our tax system today is its failure to provide adequate incentives for efficiency and investment." He added that "incentives to investment in the productive plant and equipment that our economy needs have been too weak."

Also welcomed in the business

community was Mr. Blumenthal's statement that "the arrangement by which corporate income is taxed first at the corporate level and again when paid as dividends to shareholders creates a tax bias against corporate business compared to partnerships; against equity financing compared to debt; and against corporations' owners, workers, and consumers."

Options on dividends

He listed three options for dealing with double taxation of dividends:

- Treat a corporation as a partnership, attributing to each stockholder his or her proportionate share of the corporation's income, whether or not that income is distributed. In such an arrangement, the corporate tax becomes a withholding tax credited against the stockholder's final individual tax liability.

- Make distributed dividends deductible for corporate tax purposes, as interest is now.

- Attribute to the stockholder his proportionate share of the corporate taxes which are paid on income distributed as dividends. The stockholder would increase his income by the amount of the tax attributed to him and take the same amount as a credit against his tax. Secretary Blumenthal gave this example: If a shareholder received dividends of \$25 and the corporate tax attributable to him was \$25, he would pay taxes on \$50 of income and receive a credit against them of \$25. Thus, if the stockholder were in a tax bracket that ordinarily required him to pay \$20 tax on \$50 of income, he would actually wind up with a refund of \$5.

Mr. Blumenthal also indicated he favors a reduction to 50 percent of the top individual tax rate on unearned income and elimination of the minimum tax of 15 percent on income that receives preferential tax treatment.

But he coupled the possibility of such tax relief with heavier taxation of capital gains.

"The most important single step we could take to promote tax simplicity and equity," the Secretary said, "is to drastically cut back the preferential tax treatment of capital gains."

Business people, of course, would not agree. So the business community is preparing an all-out effort on behalf of its own concepts of the most effective ways to stimulate investment. □

ment. Business investment in research and development contributes to the advancement of knowledge, and expenditures on plant and equipment embody that knowledge in the production process.

"Investment in education and on-the-job training creates a more productive and adaptive work force. Investment by the various levels of government in such diverse areas as research and development, roads, health services, and sewer and water facilities also fosters employment, productivity growth, and environmental improvement. Investment in residential construction provides jobs and decent housing for our population."

The report said the tax system must be designed "in ways that reduce impediments to investment."

There is no unanimity on that, however.

Labor unions' view

When a Senate Finance subcommittee recently held preliminary hearings on tax incentives to stimulate economic growth, it heard the AFL-CIO claim: "Available evidence fails to support the contention that the economy is suffering from a capi-

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WATER:

Dry weather and resulting water shortages not only are affecting the American economy and life-style now, but are causing grave concern for the future. Here is what experts say about the outlook

DURING the presidency of Dwight Eisenhower in the 1950's there were several severe, widespread droughts. In various communities water was rationed and lawns could not be watered nor cars washed. Crops were hit hard, and livestock had to be killed to save feed. A dust bowl situation reminiscent of that of the 1930's seemed imminent.

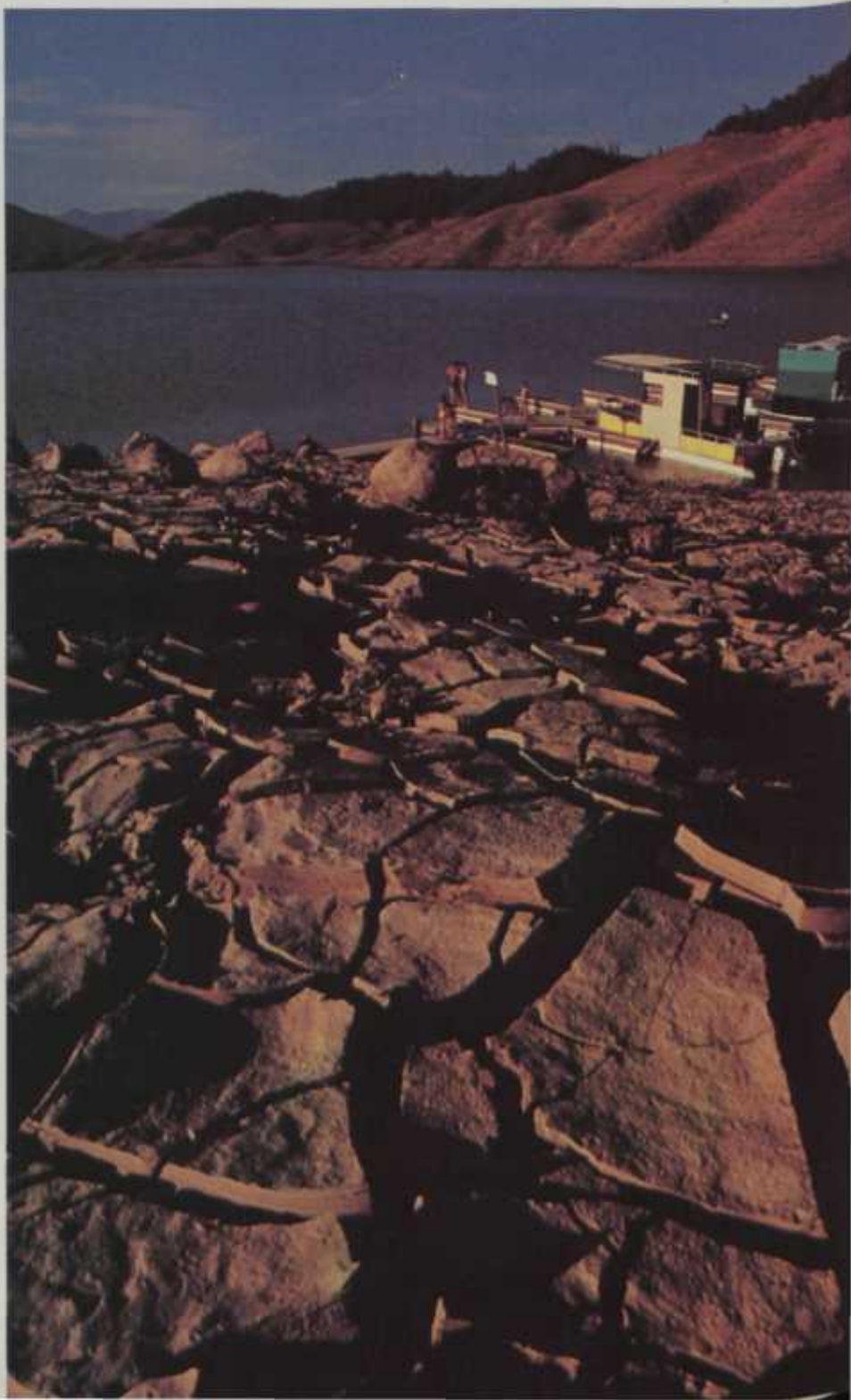
President Eisenhower, in the midst of one drought, appointed a commission to study the problem and find solutions. Congress supplied funds, and the search for facts got under way.

About halfway through the study the rains came. The commission never completed its meetings and never even filed a report.

The summer of '77

Now there has been another long, hot, dry summer, and the Far West, Southwest, and portions of the Middle West have experienced drought conditions said to be the worst in the recorded history of some localities. Several other areas of the country have been locked in droughts only a little less severe.

Crops have suffered and livestock has been reduced because of lack of water. Water has been trucked in to some areas to save fruit trees which it would take seven to ten years to re-



The Next Resource Crisis?



PHOTO: NIK MICKELSEN—BLACK STAR



PHOTO: NICKY FELDER—GEMMA

Drought has been severe in much of the West, particularly parts of California. Reservoirs such as this one in Marin County (left) are almost bone-dry. In the San Joaquin Valley, Lake Isabelle is practically a sandbox. The depth of the lake behind Shasta Dam in the northern part of the state has dropped drastically.

place. Wind erosion has carried away uncounted tons of topsoil. Dust-bowl fears have been raised again.

Streams, lakes, reservoirs, and underground sources of water have run low or, in some instances, have run dry.

Some drinking water supplies have been in jeopardy because of backed-up contaminants. In the West the dry summer followed two dry winters, and flushing action which comes with heavy rain has been missing in many areas for two years.

Personal use of water, even for bathing, has been curtailed in a few localities. Navigation has stopped entirely on some waterways and been reduced on others. Power production at hydroelectric dams has been below normal and is still dropping.

Fire hazards in bone-dry wooded

areas have had forest products firms on edge. Several national and state parks have been closed for fear of fire.

Concern about the future

The dry summer and prospects for a dry fall have caused concern not only about immediate water shortages, but about the possibility of even more serious long-term shortages in the future.

Water supplies are a federal problem as well as a state and local problem. In Washington, 18 agencies in seven federal departments plus seven independent agencies deal directly with phases of the water shortage. They are funded through 70 accounts.

Federal investment to ensure a clean and sufficient water supply totaled \$5.2 billion in 1972. Last year the figure was \$10.2 billion. Federal money went out in the form of grants, loans, and payments for direct federal activities.

Additionally, every state has water supply specialists with their own separate budgets.

What experts think

To get knowledgeable views on the country's water outlook, NATION'S BUSINESS interviewed experts in the White House; the Interior, Agriculture, and Commerce departments; the U. S. Water Resources Council; the National Oceanic and Atmospheric Administration; the Environmental Protection Agency; and private groups.

Just about every water expert says that two or three years of above-average rainfall—an event which has occurred many times in the past—could turn the water shortage situation around.

In the absence of a series of above-normal rainfall years, the Water Resources Council says, spotty water shortages can be expected over most of the United States. Only the South Atlantic region, the Ohio River basin, and New England would be expected to have adequate supplies by the year 2000 unless additional reservoirs are built and other steps taken to help nature provide the water that will be needed.

End of the cheap water era?

Some of the major, long-range questions the experts are seeking answers to are these:

Are we now into an extended dry period which is permanently rearranging life-styles, altering farming methods and crop selection, and transferring livestock production to areas with more rainfall?

Has the era of cheap water faded into history as the era of cheap energy did four years ago?

Can the United States afford to build scores of distribution systems—canals, conduits, and pipelines—which would send water hundreds of miles from areas of abundance to drought areas?

Less than ten percent of all rainfall over the U. S. is used; can we afford to entrap another ten to 20 percent and thereby solve future problems?

Are we seeing the end of the old custom of charging for water on the basis of the more used, the less paid, and will future charges be higher the more water is used?

Should we look into a plan to pump water during wet periods into underground reservoirs to be saved for use during droughts?

Will many Americans have to de-

pend on desalinated water as millions of people do in other countries?

Will Americans have to resort to individual recycling of household water through expensive, complicated purifying tanks?

Should cheap water that is subsidized through taxes be supplied to people who voluntarily move from well-watered areas into desert areas?

Should further pressures be placed on industries to recycle even more of the water they use?

Dr. Richard E. Felch, Agriculture Department meteorologist, says he is not pessimistic about the overall current U. S. water situation. "We are not running out of water except in some localities and regions," he says, "and these shortages probably are short-term ones."

Odds favor improvement

Though he is not willing to flatly predict that the drought in the Western states will be broken in coming months, he does say there is little likelihood that the West will have a third straight dry winter.

"It is most improbable that California, the Northwest, and the Southwest will have continued drought next year," Mr. Felch says. "In long-range forecasting we can't predict with much certainty three or four months ahead, but the odds are very much in favor of at least a normally wet winter in the West."

However, Mr. Felch warns, "two very wet years are needed to bring reservoirs back to proper levels in the West. And if the West does have another drought this winter, the orchards out there will be set back seven to ten years."

Dr. Donald L. Gilman, chief of the Long Range Prediction Group of the National Oceanic and Atmospheric Administration, says "different weather conditions" caused the West's droughts in the winter of 1975-76 and the winter of 1976-77.

"Weather conditions that brought on the 1976-77 drought dissipated last spring," he says. "But summer and early autumn are traditionally dry periods, so little or no rain is expected until later this year."

Better forecasting seen

Like Mr. Felch, Dr. Gilman says that long-range forecasting is not accurate enough for a firm prediction of a wet winter in the West, but that another dry winter now is unlikely.

Dr. J. Murray Mitchell, Jr., a

Water Rights Dispute, 1977-Style

In an attempt to do something about water shortages by doing something about the weather, cloud-seeding programs are in operation in 23 states.

Such efforts to produce rain are supported by state tax dollars in North Dakota, Utah, Washington, and Colorado. Other cloud-seeding is financed by local governments or by farmer groups and other organizations.

One unpleasant spin-off from cloud-seedings is taking place in the Northwest. Montana and Idaho are grumbling that if the state of Washington goes through with plans to seed clouds rolling off the Pacific, they may take their sister state to court.

They contend that the seeding would be nothing more than stealing water from the clouds which are heading their way.



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climatologist with the Environmental Data Service of NOAA, says long-range forecasting can be expected to improve, but only so far.

"In the next ten years we will have developed a capability for projecting month-by-month and season-to-season weather developments with appreciably more skill than we do today," Dr. Mitchell says. Therefore, he says, the 30 and 90-day outlooks issued by the Long Range Prediction Group will have more than "the marginal value" they now have. But as for predicting the weather several years in the future, or over several decades, Dr. Mitchell says, "It is not at all clear how soon we will crack that nut."

Concern over purity

Should the Western drought continue into next year, or droughts in other areas persist, the water worries of the Environmental Protection Agency will increase rapidly. Victor J. Kimm, EPA's deputy assistant administrator for water supply, says droughts cause municipalities to use marginal-quality water—for example, from streams that have not been flushed with proper rainfall.

Several water experts, including Mr. Kimm, say they are more worried about the overall quality of our water than they are about quantity. EPA has stepped up monitoring of practically every public water supply in the country. Studies are in progress to identify and find ways to remove scores of contaminants, some so new that science knows little about them.

"Some contaminants are known to be long-term in action and to have quite subtle effects," Mr. Kimm says.

Household recycling

EPA is also studying two dozen devices to use in the home to recycle household water. These are among about 100 such appliances now being developed by private companies. Because such appliances need close attention and maintenance, Mr. Kimm says, the feeling at EPA is that "it will probably be cheaper and safer to treat water at the source, rather than do it individually and in the home. Professional care of the water supply would be more reliable."

A need to coordinate federal water programs brought about the formation of the Water Resources Council 12 years ago. Despite efforts by the

council, which includes five cabinet-ranked secretaries and heads of the Federal Power Commission and EPA, plus the Secretary of the Army, the degree of cooperation among federal agencies on water problems has not increased appreciably.

Problems to solve

Lewis D. Walker, an assistant director of the council, is one of those to whom water quality is a matter of greater concern than water quantity.

He spins off a list of problems that must be solved in order to improve various water sources: saline conditions; erosion; eutrophication—the reduction of oxygen in water, which causes algae growth; industrial pollution; urban runoff; floods; and dredging that brings up impurities which otherwise might stay on the bottom.

"Water quality must be studied more closely than ever in the next few years," Mr. Walker says, "especially for the effects on people. Even the chlorine used for water supply purification is suspected of being harmful to health. We are far behind the Europeans in treatment processes to remove chemicals as well as bacteria. West Germany has the best



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As for quantity, Mr. Walker says that "in many areas of the world people have had to live with limited water supplies. The U. S. may be reaching that point. We have primarily concerned ourselves up to now with manipulating supplies of water. Now we may be forced to better manage our supplies."

Trickle irrigation

One major way would be to use trickle irrigation, Mr. Walker says.

The Israelis, occupying arid land at the eastern end of the Mediterranean, have perfected this system of laying miles of plastic pipes through planted fields. Small holes in the pipes let water trickle into root systems of plants. There is little evaporation, and little water is wasted in the unused areas between plants.

Mr. Felch, of the Agriculture Department, notes that another water-conserving agricultural method, no-till farming, is becoming increasingly popular in the American Middle West. Farmers plow their fields lightly instead of digging deep with big disks and lifting great clods to the surface. This exposes less earth to the sun and wind and therefore reduces evaporation of moisture near the surface.

The Water Resources Council is expected to complete this year a \$6 million study assessing water uses and resources throughout the U. S. The study, parts of which have already been made public, is expected to become one of the basic documents used in the drive to assure adequate water quantity and quality for years to come.

Dry wells

The White House itself became alarmed last winter when it was obvious that the West was heading into a second consecutive drought year. A White House study was completed in March, and one of the major problems pinpointed was the drying up of wells and aquifers—water-bearing strata of sand, gravel, or rock. A slow spread of the drought eastward was indicated by falling water levels in lakes and reservoirs and in an increasing number of wells going dry in Minnesota, Wisconsin, and Michigan's Upper Peninsula.

Water specialists at the Interior Department point out that several of the hardest-hit areas of the West have, in recent years, seen proposed bond issues for water projects defeated by



No snow this past winter and no rain this past summer have left water supplies in much of northern California in a precarious position. This reservoir supplying affluent bedroom communities around San Francisco is an example of what has happened.

the electorate. The bonds would have paid for additional dams, reservoirs, conduits, and canals, as well as the latest in water-cleaning processes. Most of the installations would have been in use in time to help ward off effects of the drought.

Community competition

Competition for water supplies is causing disagreements in several areas.

In New England, communities in Massachusetts and Connecticut oppose a plan by the city of Boston to take 72 million gallons of water a day from the Connecticut River. The towns claim this would lower the river level so far that ecological damage would be caused.

In the West, along the Colorado River, various municipal and Indian groups are claiming more water than the Colorado is delivering. The river provides water to many communities and farms in Arizona, California, Colorado, Nevada, New Mexico, and Utah. The problem is also international, since Mexico uses Colorado River water.

Interior Secretary Cecil D. Andrus judges the water shortage situation this way: "The day of considering money to be the only solution to water problems is over." He calls for more rational use "of this precious fluid."

Penalizing cities

The Carter administration is asking Congress for legislation to penalize cities and towns unless they reduce their water use by at least 15 percent.

The legislation would permit EPA to withhold federal funding for sewage plants unless cities enact water conservation ordinances.

These ordinances would go into effect over the next ten years as cities receive sewage treatment grants. Homeowners would be required to install toilet dams and special shower heads to save water. Industries would be required to recycle water and change manufacturing processes to conserve water.

The Interior Department's Geological Survey has stepped up its efforts to help state agencies locate additional underground water supplies.

Icebergs coming?

Looking further afield, Interior officials have actually discussed towing icebergs to American coastal areas which are short of fresh water. Collecting melting ice from the bergs would be one way of increasing fresh water supplies.

The idea of towing icebergs, greeted at first as a joke, is now taken seriously. A group of specialists, including Americans, has launched a multi-million-dollar study of the feasibility of bringing bergs from the Antarctic to the coast of parched Saudi Arabia.

Taken less seriously is an observation that made the rounds in Washington this summer:

"By 2000 A. D. we will all be drinking sewage water. That's the good news. Now for the bad: There won't be enough of it." □

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So what's to be done?

On the one hand, the public certainly has a right to reasonable protection against injury and damage from faulty products.

On the other hand, it is impossible for manufacturers and sellers to anticipate every misuse.

Should manufacturers and sellers be held liable even when products are misused? Or, should greater responsibility be placed on consumers to use products properly, with reasonable care?

Furthermore, manufacturers are being sued as long as 40 years after products leave their plants. Even when products are altered by others and made unsafe.

Should manufacturers continue to be held liable forever? Or, should time limits be established?

These are not easy questions.

But we at The St. Paul feel the public must answer them.

How can you participate in making these decisions?

Send for our "Enough is Enough" consumer booklet. It's full of information on the causes and the pro's and con's of some possible cures for high insurance rates. You'll find out how to register your views where they'll count. Along with some tips on how you can hold down your own insurance costs.

Then get involved. Support the action you want taken.

Write a letter to your legislators. Be heard.

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strike on our Bay Area Rapid Transit System.

We riders and taxpayers who support the rail system learned of the strike only when we arrived at our stations that morning. While the workers have a gripe with management, our gripe is with the union. Many of us not only lost wages because we were late for work, we paid substantial sums for gasoline, bridge tolls, and parking charges.

Labor unions think only of themselves and not of the general public, which suffers long before management does.

As one of the little people in this country, I trust management before I trust a labor union. Unions were very much needed in this country originally, but in too many instances they have become a pain in the neck.

LINDA BELL
San Francisco, Calif.

Overcoming barriers

James J. Kilpatrick makes some comments that are quite valid about

regulations issued by the Department of Health, Education, and Welfare to implement the Rehabilitation Act ["Sweeping Rules on Employing the Handicapped," July].

I probably do not fully understand all the implications of the regulations, but, being physically handicapped myself, I am in a position to make a few observations.

While some firms might have to go to some expense to make it possible to hire a handicapped person, there is also considerable expense to the government when handicapped people are unable to find work. The government must help support them.

To many handicapped individuals, being useful and productive is very important. It is hard to accept charity.

One of the biggest problems faced by handicapped people is the prejudice of people who consider a wheelchair or a brace a sign of lack of intelligence. The exact opposite is true many times. Another barrier is the idea that handicapped people are high insurance risks. Studies show that the handicapped have fewer accidents than most people.

Educating the public to abilities of the handicapped is important, and the new regulations will help in that respect. The handicapped have enough obstacles to overcome without the added ones brought on by prejudice.

I was fortunate to live in a state that offered a post-high school rehabilitation program for the handicapped. I attended secretarial school and was hired by a courageous man as a clerk in a manufacturing firm in 1951. I am now a corporate officer and secretary to the president.

It is my sincere hope that more employers will see the abilities in many handicapped people who now are a drain on public funds, but who want to become useful, self-supporting members of society.

MARILYN LUNDGREN
Rockford, Ill.

Dissent on consumer agency

In your article, "Consumer Protection: What's at Issue" [June], the business community once again bemoans the possibility that Congress will create a consumer protection agency. I find it difficult to sympathize.

Business contends that existing regulatory agencies are adequate. Those agencies, however, have a

checkered history of being staffed and managed by persons from industries the agencies supposedly are supervising. Several heads of regulatory agencies have resigned and then turned up as executives in or consultants to businesses they had recently been charged with regulating.

Secondly, business seems to imply that consumers should have no need for a bureaucratic operation complete with structure, staff, advocacy power, and documentation systems.

Yet business is supremely well-structured and well-staffed to attain its goals. All companies have some sort of advertising/public relations facility to promote, persuade, and generally cast the most favorable light possible on themselves. And every industry is represented by one or several persons with direct responsibility for influencing legislation.

What does the amorphous group known as consumers have to counter all this? In short, business is organized, and the consumer is not.

CHARLENE ROEMHILDT
Secretary to the Controller
Quality Park Products
St. Paul, Minn.

Funds to fight socialism

Jack Eckerd, former head of the federal General Services Administration, spotlights a shortcoming of many of our entrepreneurs in his article, "Get Involved With Government—You Can Make It Better" [June].

Such free enterprises are not doing their share in the fight to reverse the socialistic tide.

As a member of a school committee, I am surprised by the lack of knowledge among teachers of what the free enterprise system is, what its accomplishments are, and its connection with individuality and freedom.

I have been unable to find in the Boston area one high school course in which the free enterprise system is explained.

Isolated individuals and even groups concerned about preservation of our economic system will be forced to remain on the defensive until those who are able to do so contribute sufficient funds to provide schools with materials for teaching about the free enterprise system and for conducting workshops for teachers.

The job will be big and costly, but it must be done now.

DONALD A. FANTINI
School Committee Member
Cambridge, Mass.

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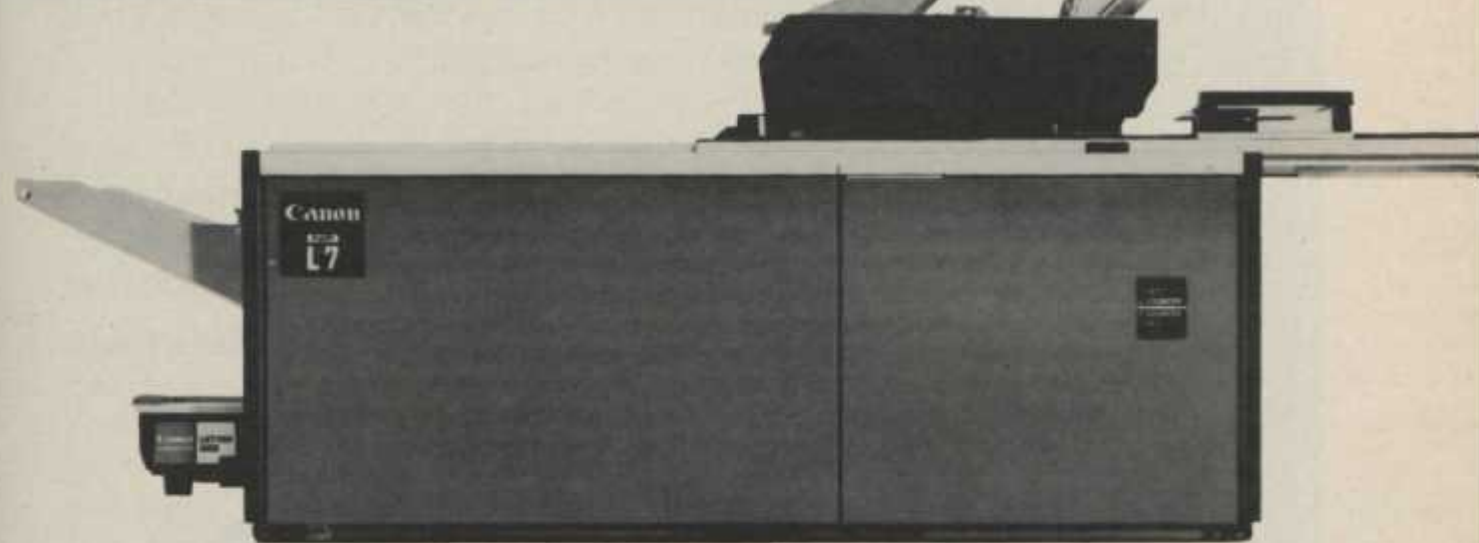
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The chart proves why. In the categories indicated, whenever one copy from more than one original is needed, Canon's NP-L7 with ADF is faster than Savin's 780, Xerox's 3100 and 3600-I.

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doesn't tell you the full story of the NP-L7 with ADF's superiority. For example, not only does it copy letter and legal sizes, but 11" x 17" ledger size originals. Which most others can't. And it copies and collates up to 40 originals, automatically. Which most others can't.

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Also consider alternate ways to travel. Interstate buses, Amtrak (a treat for kids who've never spent a night on a train), and airlines with fly/drive options. Look into their special fares.

Your travel agent will help you, and tell you what's going on for a wonderful '77 vacation.



Economics for Young Americans



the need is now

It is important that today's students receive greater knowledge about basic economics if they are to have a better understanding of business. The Chamber of Commerce of the United States, in cooperation with teachers, has developed a kit which will encourage greater interest in profits, productivity, money, and ecology.

Many companies are contributing to a wider understanding of American business by placing these "Economics for Young Americans" kits in secondary schools. Each kit contains filmstrips, tape recordings, scripts, and special educator-written teacher guides. How have these kits been received? Endorsement from a number of state departments of education. Direct orders from schools. Great interest from teachers and students alike. And comments from the organizations which have placed the kits in school districts of some 30 states with a strong, overall message: "It's a most rewarding project."

Yes, the project is a proven success, but for complete success these kits should be in every school in the United States. The only way this can be done is through the help of organizations like yours. The National Chamber is asking businesses to cover states or districts

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____ Please send me additional background information about "Economics for Young Americans." I particularly am interested in knowing about the schools in _____ area.

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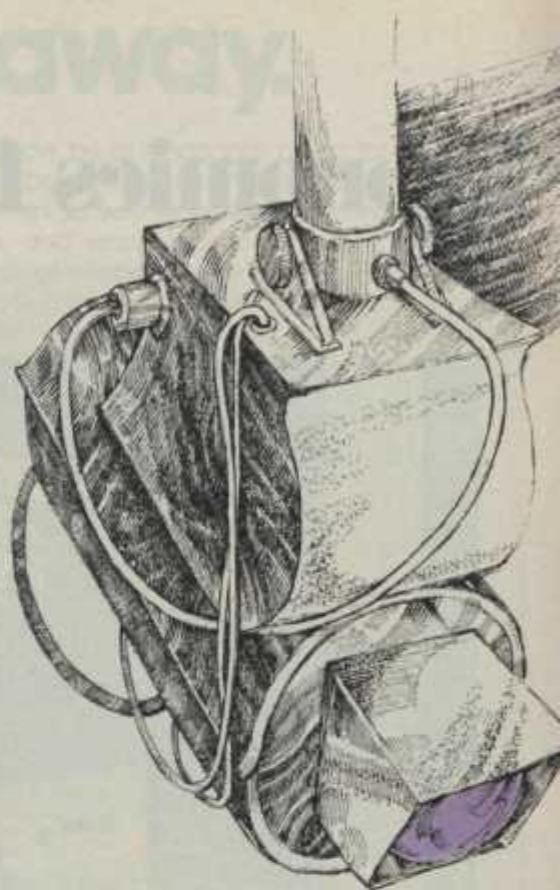
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Finding Allies in the Fight Against Shoplifting

By Thomas J. Housel

Honest shoppers all too often fail to help merchants combat thievery. Why? On-the-scene studies hint at the reasons and point to solutions



THE YOUNG MAN looked like an ordinary shopper when he strolled up to the supermarket meat counter. After looking around casually, he suddenly picked up a 19-pound turkey, stuffed it under his coat, and hurried out the door.

Six customers witnessed the theft. Only one did anything about it, reporting the theft to the store manager after the shoplifter had left the store. The others simply had big smiles on their faces—they just couldn't believe it.

In another town a woman walked up to a meat counter, picked up a package of meat, and quickly shoved the package under her coat. Seeing this, a male shopper next to her also grabbed a package of meat. He slid it under his shirt.

Cost to business: billions

Two of the thieves in these incidents were plants—members of experimental teams given permission by store management to stage shoplifting scenes to gauge shopper reactions.

The man in the second incident,

sadly, was no plant, but a shopper whose reaction to a crime was to commit another. Fortunately, he was caught.

Shoplifting is a social problem which costs American business billions of dollars each year.

In an effort to deter shoplifters, merchants use devices such as closed-circuit television and magnetic price tag-sensing apparatus. Also, merchants often hire more personnel to keep an eye on customers. But such costly steps do not guarantee that all shoplifters will be noticed or caught. The merchant, to defray the expenses with which shoplifting saddles him, will mark up his merchandise from five to ten percent. This is a markup that every honest shopper must pay.

Yet honest shoppers all too often do little or nothing to help merchants fight shoplifters.

Shoppers in a quandary

Why do shoppers smile or look the other way when they see someone shoplifting? Is it because they are amused that someone has outsmarted the system and managed to get some-

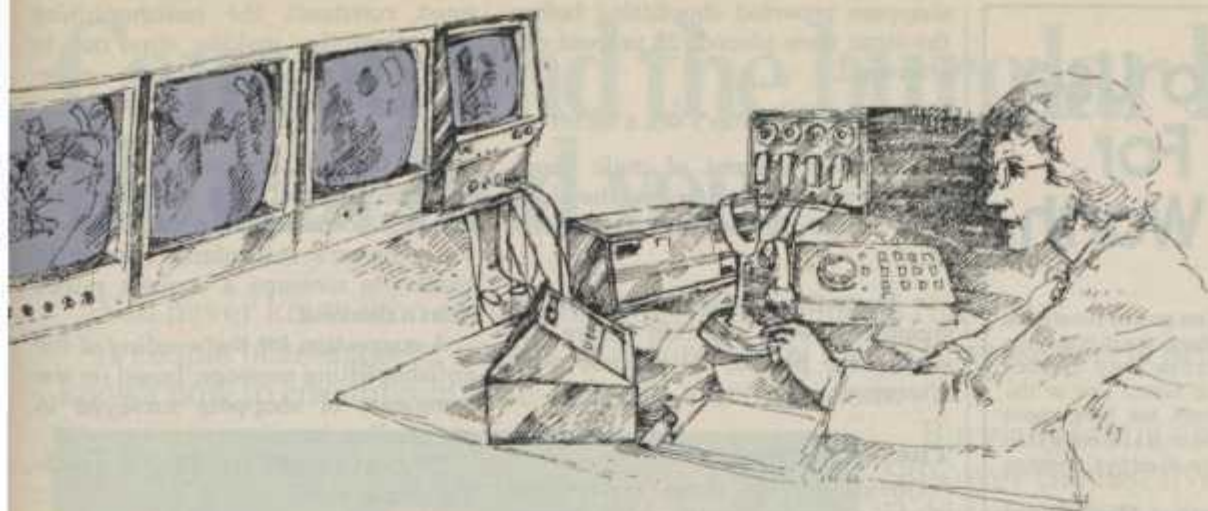
thing for nothing? Or is it simply that the shoppers don't know what action to take or what good that action would do?

The degree of ambiguity involved in an emergency situation often determines whether a bystander will intervene. A bystander is more likely to help if the action required is clear—if the situation is unambiguous. For instance, a bystander who sees someone hurt in an auto accident is inclined to call an ambulance, if no one else has done so, because the bystander is certain that the action is necessary.

Experiment in thievery

Would honest shoppers report more shoplifting if the ambiguity in their minds were reduced? What can stores do to increase antishoplifting help from shoppers?

College students under my direction attempted to answer these questions in three separate studies. They portrayed shoplifters in Laramie, Wyo., and Pomona and Long Beach, Calif., stealing not only meat, but also bathroom scales, suitcases,



clothing, and assorted small items.

The object was to determine which shoppers would report the thefts, which would not, and why. The students went out in pairs, with one acting as the shoplifter and the other observing reactions. The reactions of 262 shoppers—103 male and 159 female—were studied.

Few studies in the past have concentrated on the reaction of bystanders in shoplifting situations. One study, by D. M. Gelfand and three associates in 1973, found that only about 30 percent of shoppers who witnessed a crime reported it to store personnel. The study also showed that males, middle-aged people, and

upper middle-class residents of less-populated areas were more inclined than others to report shopliftings.

New findings

Here is what we found:

- Twenty-eight percent of shoppers in Laramie, a small city (pop. 23,000) reported shopliftings, compared to 16 percent in urbanized Southern California.
- Twenty-five percent of male shoppers reported shoplifters in Wyoming, while only seven percent did in Southern California.
- Thirty-one percent of female

shoppers in Wyoming reported shoplifters, compared to 21 percent in Southern California.

- Thirty-five percent of Wyoming shoppers over 30 reported shoplifters, compared to 16.6 percent in Southern California.

- And there was a surprising uniformity among younger shoppers. Seventeen percent of Wyoming shoppers under 30 reported shoplifters, while 16.6 percent did in Southern California.

How signs help

While this comparison indicates there is less ambiguity in the minds of shoppers in a smaller city as to what to do, we still had to answer the question of whether more shoppers could be persuaded to report shoplifting.

In Laramie we had persuasive antishoplifting signs placed throughout two department stores and a supermarket. The signs explained what action a shopper should take if he or she saw a shoplifter—i.e., report the shoplifter to the authorities.

Did the signs help? Here is what we found:

- Seventeen percent of all shoppers under 30 reported shoplifters before the signs were displayed; 41 percent did afterward.

- Thirty-five percent of all shoppers over 30 reported shoplifters before the signs were displayed; 22 percent did afterward.

Was the shopper's sex a factor?

- Twenty-five percent of male shoppers reported crimes before the antishoplifting signs were placed in stores; 35 percent did afterward.

- Thirty-one percent of female

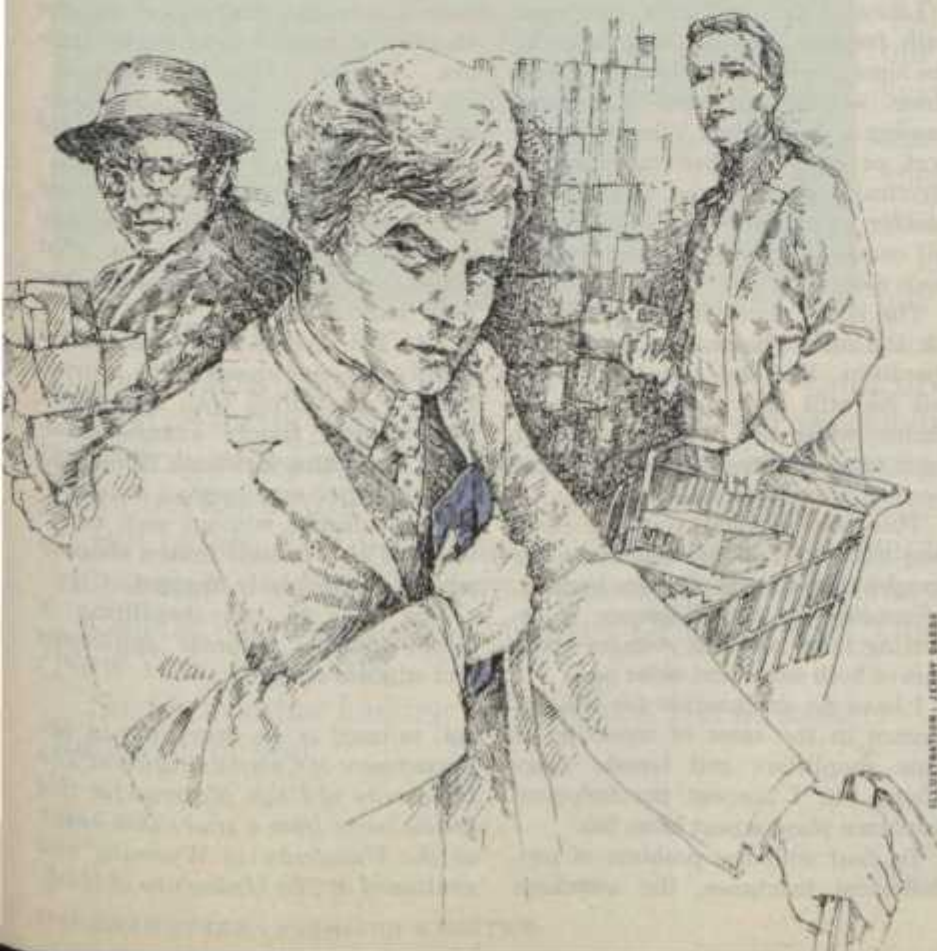


ILLUSTRATION: JERRY BARR

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shoppers reported shoplifting before the signs were placed; 22 percent did afterward.

Was the shoplifter's sex a factor?

- Sixteen percent of male shoplifters were reported before the signs were placed; 33 percent were afterward.

- Forty-five percent of female shoplifters were reported before the signs were placed; 22 percent were afterward.

The age difference

Obviously, the signs encouraged the reporting of shoplifters by younger shoppers—which indicates that before, many younger shoppers were not sure what action to take. The signs apparently removed the ambiguity.

Perplexingly, the statistics indicate the signs reduced the number of shoplifting reports by older shoppers.

A possible explanation is psychological reactance—what happens when a person's freedom of choice on how to act appears to have been removed. The signs may have made too strong a demand on older shoppers to react in a specific way, resulting in their rejecting the demand.

Males and females

Likewise for males as compared with females. Before the placing of the signs, males probably had at least three decisions to make when witnessing a shoplifting: Whether to report or not; whether to intervene physically or not; and whether reporting instead of intervening would be consistent with the traditional male role.

The signs removed the ambiguity for the male—he was to report the shoplifter. But the male may have felt he still had some freedom of choice, while the female may have been more inclined to feel the signs were an attempt to intimidate her.

This psychological reactance effect may have been stronger among older females than among younger females, accounting for the difference in reporting rates between younger shoppers of both sexes and older ones.

I have no explanation for the difference in the rates of reporting of male shoplifters and female shoplifters, but I suspect psychological reactance plays a part here, too.

To deal with the problem of psychological reactance, the merchant

must construct the antishoplifting sign carefully, making sure not to phrase the message in harsh or demanding terms.

Rather, the merchant should phrase the sign's message as if it were a simple request that could be followed if so desired. An emphasis on the shopper's self-interest serves to make the message a request rather than a demand.

A suggestion for the wording of the antishoplifting message, based on the comments of shoppers surveyed in our studies, is:

"Report shoplifters: They are costing you money."

What employees must do

Although the key to getting more help from honest customers in deterring shoplifting appears to lie in the proper way of reducing uncertainty on what action to take, Warren E. Davis, a Salt Lake City retail security expert, emphasizes that this in and of itself does not ensure that an antishoplifting program will be successful.

He has found that the success of a program depends on employees' certainty as to what action to take, starting with detection of the shoplifter and going on through legal proceedings and finally to recovery of shoplifted items. Too often, merchants concentrate on one aspect of the shoplifting problem and neglect others.

"Most retail security programs focus on catching shoplifters and not on what to do after they are caught," Mr. Davis says. "The most reliable electronic sensing devices become useless unless employees know what action to take after a shoplifter has been detected."

The No. 1 step in reducing ambiguity for employees is to provide training in dealing with shoplifters. The training should include simulated shoplifting incidents. Simulated incidents give employees a chance to make a mistake without such repercussions as a lawsuit from a shopper who has been falsely charged.

The way to cut shoplifting is clear—educate. Educate employees and educate shoppers. □

MR. HOUSEL is an instructor in the Department of Communication at The University of Utah. Material for this article came from a study that began at the University of Wyoming and continued at The University of Utah.

Can you find the burglar here? He can find you.

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LESSONS OF
LEADERSHIP

How Bob Hatfield Keeps Continental Growing and Prospering

Under the determined guidance of Robert Sherman Hatfield, The Continental Group has increased sales and earnings despite a host of problems. In this interview he explains his philosophy of running a business so that it will not only benefit itself, but serve society



THE PACKAGING INDUSTRY has problems—torrid competition, occasional overcapacity, federal opposition to some plastic containers, high costs of materials, and population shifts which require establishment of new facilities.

Especially, there is the problem of increasing public opposition to throwaway cans.

Despite all this, The Continental Group, Inc.—known until recently as Continental Can Co., Inc.—is prospering.

What is the company's secret? Continental shifts gears as fast as necessary, has research and development programs which cost a bundle of money but are highly productive, employs solid operating principles, and takes proper care with the dollar.

A big reason that Continental has these and other beneficial attributes is Robert Sherman Hatfield. Mr. Hatfield, 61, has led the company as chairman and chief executive officer since mid-1971.

The year Bob Hatfield took charge, Continental's operating revenues were \$2.1 billion, net earnings were \$74 million, and earnings per common share were \$2.50. For 1976 the corresponding figures were \$3.5 billion, \$118 million, and \$4.01. The company's performance last year was the best in its history.

Continental has diversified in recent years. It now produces not only cans, but also plastic containers and cups, caps for jars, paper bags, corrugated board, lumber, and sausage casings.

Recently Continental acquired a life and title insurance company which broadens the company's business base by more than a billion dollars in assets.

Mr. Hatfield joined Continental in 1936 as a sales trainee after attending Cornell University. While working, he went to Fordham Law School at night, graduating in 1945, and in 1954 he attended the Advanced Management Program at Harvard Business School. He is now a board member of Citicorp, Eastman Kodak, General Motors, and Kennecott Copper.

He lives in Greenwich, Conn., with his wife, the former Roberta Sullivan. They have four grown children and three small grandchildren.

In this interview with NATION'S BUSINESS at Continental's corporate headquarters in New York, Bob Hatfield speaks out on public matters of interest to business people and about his techniques for successfully running his company.

You oppose government involvement in decision-making at private companies. Yet some companies want to be regulated. Should they be?

There are no precise lines regarding what companies should be regulated or how much. Some regulation is necessary. The free market cannot decide everything. However, I believe that the requirements of operations in a free market are the greatest discipline a company can have and that, in general, industries should be free of regulation in the absence of an emergency.

Why hasn't more been done to curb government interference in the private sector?

I have confidence in the wisdom of Americans, and I think that, when we recognize a crisis, we act in a sound manner. As of now, however, Americans have not become sufficiently impressed with the urgency of the problem of government interference. I don't think they perceive that their freedoms are in danger—that the loss of their economic freedom will probably be a prelude to the loss of other freedoms.

Do you favor nonmandatory national planning by the federal government?

In no way am I in favor of national planning.

I am impressed with the sincerity of most of the people in Washington. They have goodwill; they want to do the best for the country. However, they are asked to solve complex problems, and they try to do so without benefit of exposure to proper information and with little experience.

For example, only one person in eight in Congress has had direct

business experience. How can we expect these people to make complex business decisions that deal with economic structures?

Last year about 17,000 bills were introduced. No one person can understand all those bills. Congressmen must rely on bright, eager staff people who are well-intentioned, but completely unexposed to business experience.

So how can anyone feel that economic planning by Washington could be more effective than our current system?

I would like to see a change in this area, though. One problem in dealing with economic questions is the diversity of data bases used.

I am not calling for a planning organization when I say there should be some sort of Washington information agency that serves all branches of government. This would enable all branches to have the same information. The agency should be independent, with safeguards against political machinations. Information would go into the agency on all sorts of things and could be made available to citizens, companies, unions, and government.

What caused the poor regard for business that much of the public has?

A succession of things. Somehow, in retrospect, business became associated with our country's involvement in Vietnam. Watergate followed, and business somehow also became associated with that tragedy. Then came all the publicity about illegal political contributions by companies and about bribery abroad. The ratings of the businessman hit an all-time low.

Unfortunately, business has never satisfactorily explained its appropriate place in our society and how it contributes to achieving the aims of our society. Until business, and particularly big business, does so, it is going to be misunderstood.

Business makes a great contribution to America. However, business has not sold itself because of a lack of communication with the public. I

find this strange. There are 70 million people on payrolls of private corporations and some 25 million stockholders. They form a good-sized segment of the American people.

Have you asked critics of big business what could replace it?

Yes, and some people say they like small businesses because there is so much room for individual initiative in them. This overlooks the need for this country to be competitive.

Other countries would dearly love to move in on the markets of American business at home and abroad in a much bigger way. So if our businesses shrink and thereby lose much of their ability to compete, our trading partners will sweep up our markets and there will be fewer jobs for the very people who insist on American business being small.

For the U. S. to stay competitive in world markets, we must have economic concentration. In other words, we must have the economies that come from large operations.

American business has not explained this to our people nor to Washington.

Our free market system has shortcomings, and business people should acknowledge them and produce positive programs to correct them. Some of this is already going on. There are positive efforts to work with Washington in developing sound programs that will overcome faults in the free market system. I am optimistic.

Should American companies and our government achieve the degree of cooperation between the private and public sectors that is found in Japan?

Cooperation between business and government in Japan goes too far. I would not approve a government-business marriage simply for the purpose of surviving in the world markets. We do not have to do that to survive. The government should be cooperative, should try to help maintain America's competitive position in the world, but no more than that.

Continental has a program for getting the company's views across to those in government. How does it work?

We have 180 plants throughout the country. We want to be a concerned corporate citizen wherever we operate. Our public affairs program contemplates that selected employees at



Bob Hatfield rules an empire of 180 plants throughout the U. S. He visits plants as often as he can—which, he says, is not as often as he would like. His plane trips en route are filled with business discussions and other work.

each plant and in Washington will establish relationships with legislators near them. This is on federal, state, and local levels.

We conduct seminars throughout the country for field people on subjects they should discuss with lawmakers. The issues and alternative solutions are presented. Our people are told what the company believes is in the long-term interest of the country and the company. Not only do we give them ideas, but we get ideas from them. This autumn we will hold a refresher meeting in Washington for all our field people. As part of the experience, they will go up on Capitol Hill and see people in Congress.

I make many trips to Washington to call on key people. When the chief executive officer of a major company takes the time to make calls on federal officials, they seem to be impressed and, I think, eager to listen.

Perhaps we do this sort of thing more often than some other companies.

What about unemployment? Should a company be expected to keep unneeded people on its payroll?

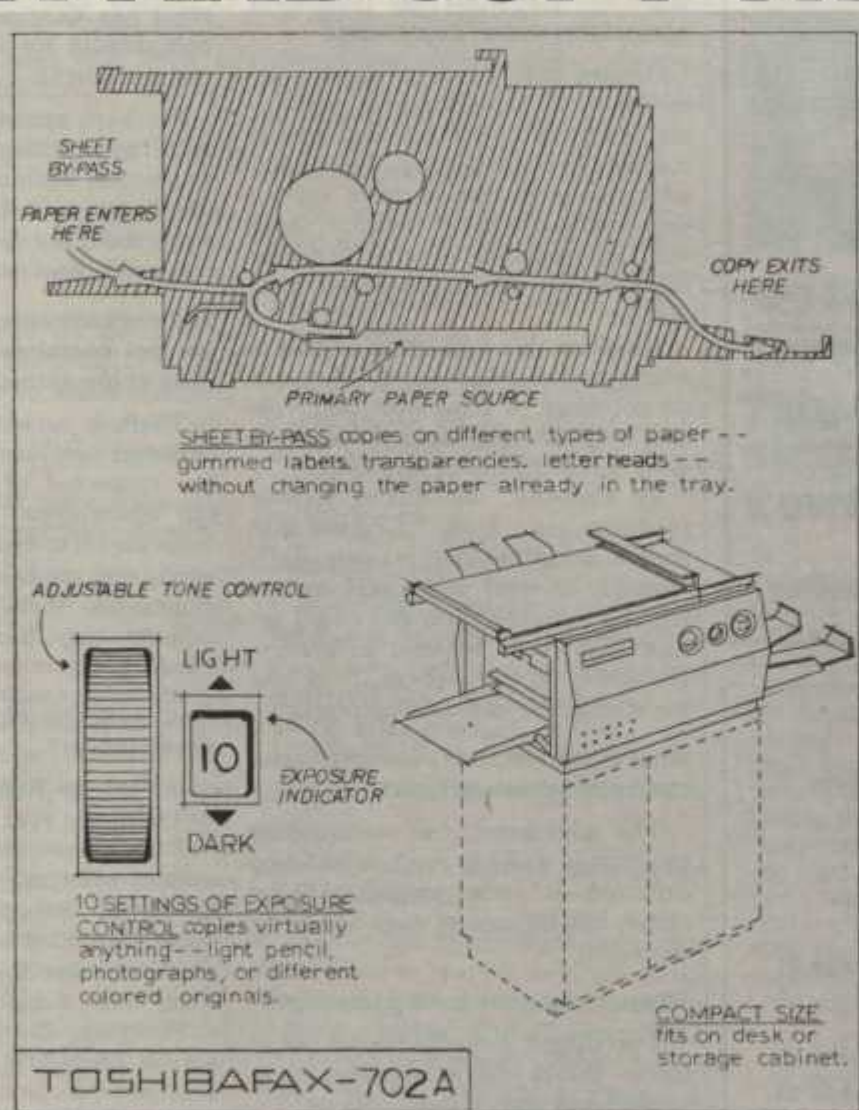
We do keep people on our payroll when they are not needed, in that we have a supplemental company unemployment benefit program. We also pay heavy local, state, and federal taxes that provide unemployment compensation.

If a company, however, maintained too large a work force that was not needed, the company would lose competitiveness, and all the jobs the company provided would be in danger.

Unemployment is a complex issue. It has to be studied to be understood. There is no good in throwing money at it. Public works programs cannot be the total answer.

Primarily, unemployment today

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"Lessons of Leadership: How Bob Hatfield Keeps Continental Growing and Prospering" **page 68**

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exists among young people, women, minorities, and in urban areas. We should structure high school programs to teach useful skills to young people who will not go to college. Unfortunately, we too often spend a lot of money to train young people for college, only to have to turn around and train them again so they can get jobs and provide for themselves.

What is happening on legislation against throwaway containers?

Oregon and Vermont require deposits on all nonreturnable containers. Maine and Michigan have passed somewhat similar laws. Massachusetts narrowly turned down such a proposal last year. Probably there will be legislation in other states to limit the use of nonreturnable containers.

I look on this legislation as unnecessary and discriminatory. The laws do not come to grips with the problem of conserving natural resources used in manufactured products.

To conserve, we should recover products in bulk. Communities should grind up our massive daily tonnages of solid waste, add coal or oil, and burn the stuff. We would get heat that could be used in energy-producing operations and, at the same time, we would recover metals.

What is the status of voluntary reclamation of aluminum cans?

The aluminum can reclamation program is going as well as could be expected. It varies considerably by states, but billions of cans are being recovered.

What can be done to stop littering?

Two things: Educate people not to throw things away wherever they please. And punish those who do.

The educational process should start with children. I must add that younger people do not litter as much as older people. They are more environmentally conscious.

There are plenty of laws against littering, and they should be enforced. Fines should be levied, or people who litter should be made to clean up areas as punishment.

I do not believe in banning an article because people discard it carelessly. Newspapers are the largest item of litter. No one wants to ban newspapers.

Several countries with large deposits of bauxite, the principal source of

aluminum, are in unfriendly hands. What does this portend for your industry?

It could indicate the coming of increased prices for aluminum and aluminum cans. I am sure, however, that countries with bauxite will not want to lose their American markets. This indicates continued availability of bauxite, though at higher prices.

What has Continental done to help compensate for increased costs of raw materials?

We have approached the problem with better utilization of manpower, production equipment, and facilities; development of products and processes requiring fewer materials; and conservation of energy.

Will environmental complaints about aerosol containers result in the demise of the aerosol can?

There is no question that fluorocarbons used in aerosol containers are suspected of being harmful to our atmosphere. Substitute propellants are on the way to markets. New containers are being developed to accommodate them. Aerosol cans are here to stay because people want them.

Is Continental big on research and development?

We live by R&D. We spend about \$40 million a year on it.

Right now we are coming on stream with many new technologies developed through R&D. They involve plastic bottles, new uses for paper and other forest products, plus many other things.

For years the container industry stayed fairly still. Products did not change much. In the past 20 years we have gone through a revolution—not evolution, but revolution. This revolution will continue.

What are some of the key decisions you have made since becoming chairman that you feel are of great benefit to the company?

The toughest for me was in October, 1972. After spectacular growth in the U. S. market for beverage cans, the market was rapidly maturing, and dramatic changes were taking place in fundamental technology. Our facilities, services, and manpower were geared for expansion that was not to be.

We faced up to doing radical sur-

gery at enormous cost and announced an anticipated write-off of some \$230 million before taxes. This enabled our largest and then most important unit to make a crisp about-face and to re-allocate resources to fit the marketplace.

A second decision was to pursue an aggressive investment program which would change the direction of the company and, by broadening the base of our business, reduce our dependence on any individual product or market. More than \$1 billion was invested between 1972 and 1976 in building up Continental's positions in its forest industries, its can business outside the U. S., and in specialty businesses.

Another key decision was to recruit, as members of our board, people with demonstrated records of success.

Still another was the decision to adapt our organizational structure from year to year to reflect changing business conditions as well as the growing experience of management.

Why is Continental more successful than several other container firms?

We constantly adapt our product line to the realities of the marketplace. We believe in decentralized authority and responsibility, and in putting capable managers in charge. We follow their progress closely, and they are rewarded for successes.

Our guiding principles outline our basic philosophy:

First, our business undertakings have the primary purpose of achieving a continuing and prosperous growth. We engage only in businesses which benefit society as well as the company.

Second, we strive for a position of leadership through quality of performance.

Third, we conduct ourselves as a human company with integrity, as a concerned corporate citizen, and as a good neighbor where we operate.

As a resident of Greenwich, Conn., and a toiler in New York, what do you think of the fact that so many businesses have moved from New York?

I like living in Greenwich and working in New York. I have been doing it for 30 years. Unfortunately, it is difficult to attract young people to New York to work. When someone has to travel for an hour and a half twice a day to get to and from the

office, that person is not going to be very enthusiastic about New York.

Many young people who show promise for high positions, but who need exposure to upper management if that promise is to be fulfilled, simply will not come to New York.

They rightly point out that taxes are too high, schools are not appropriate, and the general atmosphere is not attractive. We recognize this, and Continental has bought a beautiful piece of land in Connecticut where we expect to put our executive offices. Not everyone will move out there from New York. We may take 200 and leave 300 on Manhattan.

How do you relax?

By participating in sports, chopping wood, clearing land, and doing light reading. My favorite participatory sports are golf, tennis, fishing, and shooting.

You are a good golfer, I'm told.

Once upon a time I played reasonably well. Now I'm erratic. I do enjoy golf. I try to relax, and I don't attack the course.

Do you travel often?

Not really. I used to get around to our plants and offices more than I do these days. I wish I could move about more and see more Continental people. That's important.

Nowadays, it seems, we are always busy here in New York or in Washington.

What is your toughest job as chief executive officer?

To me, the toughest job is to know just when to become involved in operations and to discipline myself to keep my hands off at all other times. Also, to communicate effectively is a goal to be assiduously pursued, though seldom achieved.

What is your main operating philosophy?

I believe in management by objectives with decentralized authority and responsibility—conducted in an atmosphere which encourages the individual manager to innovate. An aura of excitement in anticipation also will attract and hold capable people.

Where capable people are, good things happen. ☐

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A Top Retailer Plans for Metric Conversion

NOT LONG after the British began converting to the metric system in 1966, two Englishwomen were strolling through a carpet shop, and one stopped to examine a piece of fabric.

Her companion said: "Don't buy any now. When the carpet industry goes metric, you'll need a lot less carpet."

Now that the United States has begun to convert to the metric system on a voluntary basis, British experiences such as this are worth noting, a leading American businessman points out.

Metric conversion will succeed or fail "in the aisles of this nation's stores and the offices of this nation's businesses," A. Dean Swift, president of Sears, Roebuck and Co., says.

"The conversion could go very smoothly, to the benefit of business, industry, and the consumer. Or, as happened in other countries, it could serve to widen further the gap between the business community and the public and lead to distrust."

With the United States standing almost alone in a metric world, it is no longer a question of if we convert, but when we convert, he says.

Mr. Swift cautions that retailers can't really go metric as long as their

customers can't think in metric terms. He explains:

"Consumers need an understanding of the system so they won't think that metric means you'll need more or less of what you normally buy, that you'll need to buy your dresses bigger, that you'll have to rewire your home, that your cakes will fall, and that you'll never understand the weather or the speed limit."

He says that Sears plans to go metric "carefully, in stages, and with the least expense, confusion, and aggravation possible."

In July Sears began conducting metric classes for its sales personnel in five major cities, and it will eventually extend these classes to all its stores. Meanwhile, metric information booths are being installed in many stores, particularly in tool departments, where hundreds of items are being sold both in metric and standard sizes. By the end of the year every Sears store will have metric educational material available for customers.

Sears is gearing up to convert a wide range of merchandise to metric, both under the voluntary approach in this country and to meet metric requirements of European Common Market countries, where the company



A. Dean Swift, of Sears, says customers must be made familiar with metric terms.

has many retail outlets. Among the first of these items to meet metric standards will be refrigerators, dishwashers, washing machines, and other heavy appliances.

Congress in 1975 enacted legislation setting up a U. S. Metric Board to conduct educational programs on metric conversion and to coordinate conversions, but not to require them.

Mr. Swift says he favors continuation of the voluntary approach. "Government should be part of the solution, not part of the problem," he says. •

How a Company Helps Its State Attract Business

Bay Staters who want to see more businesses in Massachusetts are getting tired of hearing their state referred to as "Taxachusetts."

While acknowledging that taxes may be lower in some neighboring states, they point out that Massachusetts has many assets which have long attracted business.

The Bay State Gas Co. decided to do something positive to promote Massachusetts. The company produced and distributed thousands of copies of a handsome brochure titled,

"Why Massachusetts?" The brochure tells how the state is beneficial to business and how it offers workers a quality of life not easily matched.

"We first planned this as a message to stockholders and then decided to give it broader distribution," Robert M. Shanklin, manager of communications services, says. "The response has been extremely heartening."

The Associated Industries of Massachusetts presented the utility with its "Telling It Like It Is" award and described the brochure as "an outstanding example of effectively communicating to a public too little informed and too often indifferent to the competitive needs of Massachusetts industries and the economic realities of an industrial state."

The Massachusetts Department of

Commerce and Development bought 10,000 copies for distribution.

David Packard, chairman of California-based Hewlett-Packard Co., which has plants in Massachusetts, says in the brochure:

"The success of our company is determined by our ability to hire, keep, and motivate professional people . . . people who are above average. Culturally, intellectually, Massachusetts is a place that helps us do that."

Mr. Packard adds that if business does not receive fair treatment at the hands of state and local governments, this can override positive factors in a company's choice of locations. "We don't see any serious problems as far as the economic climate in Massachusetts is concerned," he says. •

continued on next page

From Wall Street to Auto Sales— a Success Story

When two members of the New York Stock Exchange first met on the exchange floor in 1975, they found they had a common interest—foreign cars.

Frank Weinberg and Michael Holden assiduously pursued their profession of buying and selling stock, but the subject of autos kept intruding during breaks in the trading.

In October, 1975, they formed a partnership and bought a BMW dealership in Greenwich, Conn. In the first quarter of 1977 they sold more of the German luxury cars than any other dealer in the United States.

"I attribute our success to a new and different attitude in selling cars," Mr. Weinberg told NATION'S BUSINESS. "We try to run the dealership with the dignity and stature of a Wall Street firm."

Frank Weinberg, 47, a former racing car driver, pit boss, and team manager, runs the showroom and offices. Mike Holden, 32, who started

tinkering with cars as a kid, runs the service department. He frequently can be found with his head under the hood of a BMW.

Both men retain their New York Stock Exchange seats, but they have given up active trading.

Their firm is called Competition & Sports Cars Ltd., and this year's sales will approach \$9 million, according to Mr. Weinberg.

"You may be able to beat our price," Mr. Weinberg says, "but you can't beat our service. The buyer is buying the integrity of the establishment."

The partners say they are trying to project an image of quality. Their showroom is richly paneled. Decorative plants abound. Also featured is what may be the only boutique associated with an auto dealership—"The Rumble Seat." Here you can buy a necktie with a BMW logo or Pirelli tire tread tastefully imprinted on it. There are BMW-grille belt buckles, driving gloves, and scarves.

"For 23 years at the exchange I worked from ten in the morning to three in the afternoon," Mr. Weinberg recalls. "That was it. Now I not only get here at eight in the morning,



Michael Holden (left) and Frank Weinberg in their BMW showroom.

but I'm on the job Saturdays as well.

"This has been a very enjoyable experience. I have been on the periphery of automobiles all my life, and now it's full time. I have no desire to get back to the old life on the exchange floor." •

An Experienced Entrepreneur— at Age 24

Keith R. Thomas, 24, already was an experienced businessman when he and a partner launched a San Francisco advertising and public relations firm three years ago.

The firm, Pereira-Thomas & Associates, started small, but has surmounted adversity and gotten bigger as its list of clients has grown. Recently Mr. Thomas was named Entrepreneur of the Year by Junior Achievement, Inc.

Mr. Thomas says he owes a large measure of his success to Junior Achievement, a worldwide, nonprofit organization dedicated to teaching high school students the fundamentals of the private enterprise system. The youngsters learn by doing.

Each year hundreds of thousands of Junior Achievers across the country begin, operate, and liquidate their own mini-companies. Some manufacture products, while others per-

form such service functions as banking.

During his four years as a Junior Achiever, Keith Thomas made table decorations, milk carton covers, and other products. In the process he learned such things as how to issue stock, apply for a charter to engage in business, dispense dividends, and read a profit-and-loss statement.

The Junior Achievement entrepre-



Keith Thomas got his start in business as a teenage Junior Achiever.

neur award was established last year and carries with it a \$10,000 grant. The money is contributed by Royal Little, founder and chairman of Textron Corp.

Mr. Thomas and his partner, Ron Pereira, met while pursuing marketing degrees at San Francisco State University. They got the idea for going into business while handling the campaign of a fellow collegian running for student body president.

For the first six months after Pereira-Thomas & Associates opened its doors in 1974, the business was run from Keith Thomas's home in Dale City, Calif. The first client was the Big Swap Flea Market. Moving into a downtown San Francisco office, the partners have since picked up a shopping center, a toy manufacturing firm, a footwear company, a bank, and other clients.

"To begin your own business is tough," Mr. Thomas told NATION'S BUSINESS. "My experience in the JA program has taught me that, while the rewards for hard work can be tremendous, you have to be willing to give more than 100 percent of yourself to achieve success." □

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EXECUTIVE TRENDS

By JOHN COSTELLO
Associate Editor

Ten Ways to Boost Sales

The average annual income of experienced salesmen today is \$20,440.

Dartnell Institute of Business Research came up with that figure after surveying thousands of salespeople.

What is a salesman doing wrong if his earnings are below average?

Probably he is planning poorly or not at all, one expert says.

"Managing time and territory is still problem No. 1 for salespeople," says Dr. Robert F. Vizza, dean of the School of Business at Manhattan College.

"That takes proper planning, and the company should help the salesman do it."

Here, Dr. Vizza says, are ten questions that every sales organization should be able to answer affirmatively:

1. Have we ever made an organized study of our salesmen's use of time?
2. Do we have a system of classifying accounts according to their potential?
3. Do our salesmen use call schedules?
4. Do we determine in advance how many calls to make on an account in a given time?
5. Do we decide how long each call should take?
6. Do our salesmen use a planned sales presentation?
7. Are sales objectives and profit objectives set for each account?
8. Do we have a call report system?
9. Do our salesmen report on every call made?
10. Do our salesmen use prescribed routing patterns in covering the territory?

Most firms would flunk this test, Dr. Vizza says in "Time and Territorial Management for the Salesmen," published by the Sales Executives Club of New York (\$9, 129 pages).

Of 257 companies that responded to those ten questions in a Sales Executives Club survey, 81 percent say they use a call reporting system. At least 70 percent report they set sales ob-

jectives for each account, classify accounts according to potential, and have salesmen use call schedules.

Sixty-nine percent require a report on every sales call.

To all other queries, however, a majority reply no.

How to Make a Good Speech

Never underestimate the value of talking before an audience.

"The speaker's platform can be a powerful launching pad for ideas," says "Burson-Marsteller Report," quarterly publication of the New York-based public relations firm.

"The message often goes far beyond the immediate audience and spreads by word of mouth, by newspapers, by radio or television."

The better the speech, Burson-Marsteller adds, the wider the reach.

Here are a few basic rules the firm offers businessmen for adding impact to an address:

- Talk to nonbusiness groups, as well as to your peers and colleagues.
- "You'll reach new audiences. In addition, you may discover that society isn't as antibusiness as you believe."
- Make a statement of personal conviction out of your own experience.

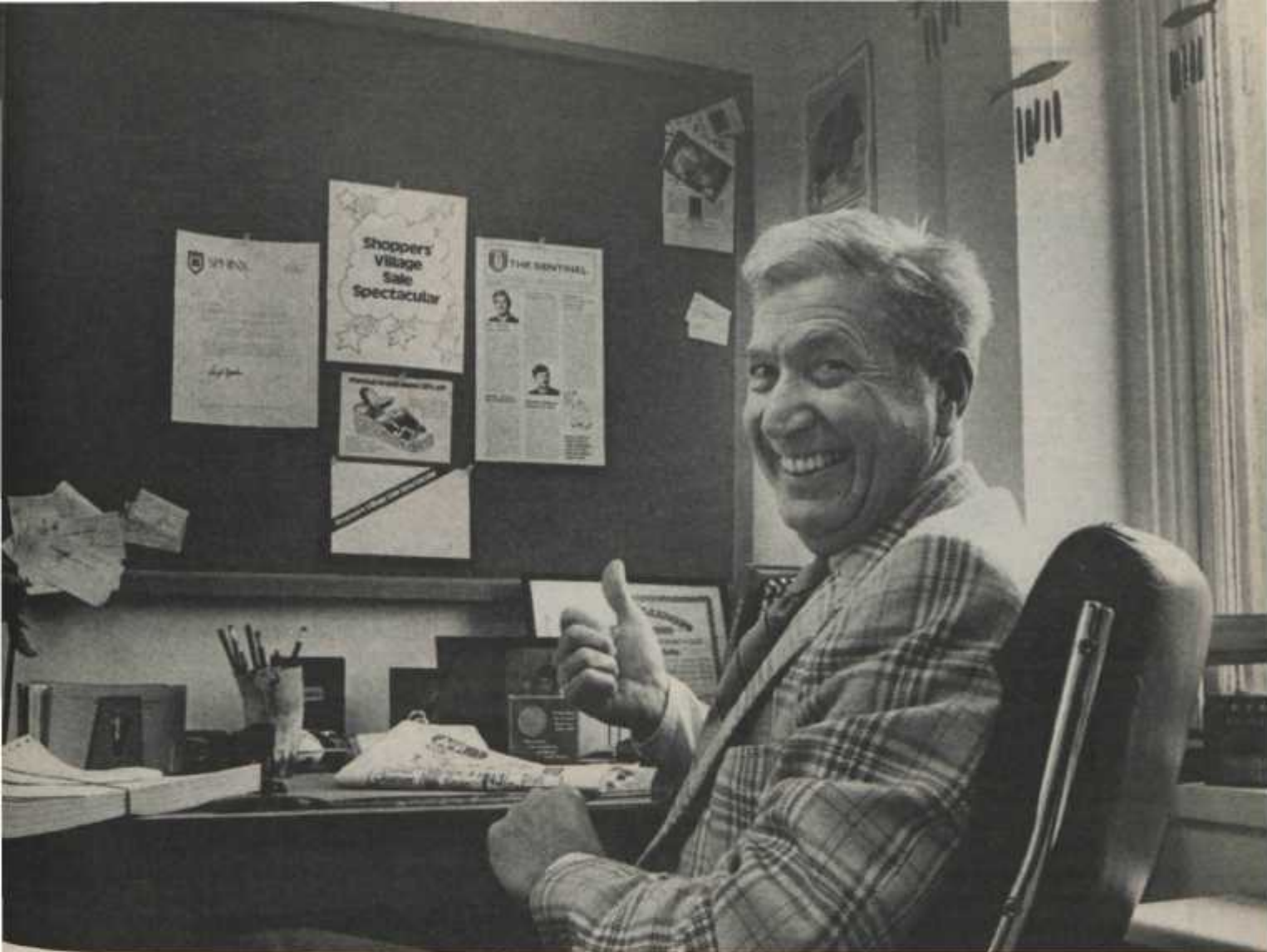
"Talking about the real world in concrete terms makes a speech more believable and interesting."

"All audiences and all speakers have at least one thing in common. They are all human beings and share the same experiences, perhaps on different levels and in different degrees, but not different in kind."

"Both the chief executive officer and the man on the shop floor have had their ups and downs, victories and defeats, joys and heartaches."

• Insist that the speech reflect your own thinking.

"If you have a speech writer, talk with him at length so he has a full opportunity to get the feel of your ideas and philosophy. If you skimp on time with him, don't expect him to be able to put the real you into



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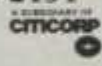
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words." However, Burson-Marsteller continues, don't let him or other aides do your thinking for you. If they think for you, your speech will lack sincerity.

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"Don't forget a speech is meant for the ear, not for the eye."

- Get the speech down cold so you can deliver it, not just read it.

"Any speech that is read falls flat. You must be able to talk to the audience, perhaps with the help of notes, so you can have some eye contact and be able to see how the speech is going over."

A good speech, Burson-Marsteller says, is like a good story.

It presents ideas in terms of specific examples and anecdotes. That is what engages the listener, the firm says, and keeps him listening.

Why Investors

Buy Gold

Not many Americans buy gold as an investment.

But those who do tend to have a visceral reaction toward the yellow metal.

Premex, Inc., a Southfield, Mich., brokerage firm, asked its clients who have gold holdings for the main reasons for their choice of investment.

"What is surprising to us," President Eugene Zack told NATION'S BUSINESS, "is the strong emotional response we received. A typical comment was: 'Gold gives me a feeling of stability in an unstable world. It has an emotional meaning for me that no other investment medium can duplicate.'"

The most common explanation the Michigan broker's clients gave for choosing gold was that it is a hedge

against inflation. Two thirds gave this reason.

More than half said gold gives them a sense of security.

A fourth cited unhappy experiences with stocks or bonds.

Ted E. Slanker, Jr., a Portland, Oregon, broker who is a well-known gold stock analyst, says that the "peak interest in gold was in 1974, just before it became legal for Americans to own it. Even then only an estimated two percent of all investors—roughly 30 million Americans owned stocks at the time—had a position in gold.

"Prior to 1974 gold was not considered a respectable form of investment. Today it is."

Neither bullion nor gold stocks have been a foolproof hedge against inflation, however.

With worldwide inflation continuing, gold prices have gone up and down, as have the prices of stocks or bonds.

Gold reached a peak of \$197 an ounce in 1974. Later it sank to a low of \$103 an ounce, then bounced up to \$150. Recent price: about \$145.

Zero-Base Budgeting's Value to a Business

What can zero-base budgeting do that tough-minded management can't?

Nothing, one expert says.

Here, says Logan M. Cheek, are some steps that any good businessman would find essential in the management of a company:

- Careful scrutiny of what's really going on in the company.
- Fact-founded development of business goals.
- Systematic analysis of alternative ways to reach those goals.
- Cost-benefit analysis of the chosen alternatives.
- Problem-solving.
- Tapping the rank and file for ideas about better ways to run the business.
- A decentralized, open management style.
- Approving and funding only what is affordable and necessary to achieve the company's goals.

"As it happens, zero-base budgeting incorporates all of these concepts," says Mr. Cheek. "All zero-base budgeting does is to tie them together into one neat, integrated system."

Mr. Cheek is the author of a how-

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to-do-it book, "Zero-Base Budgeting Comes of Age" (\$19.95), published by AMACOM, a division of the American Management Associations, New York.

He says one top executive, after learning the zero-base technique, told him the technique had helped him solve all his management problems. The executive put it this way:

"Suddenly, everything I've been trying to get my hands around in 35 years of management and ten years of running this smoke factory crystallized."

A Stumbling Block for Talented Women

TV and lurid best-sellers often portray the big businessman as a hard-boiled executive who claws his way to the top.

That's a false picture of the typical successful manager, says Marvin D. Dunnette, professor of industrial and organizational psychology at the University of Minnesota. However, he says, the hard-boiled stereotype is one of the major problems faced by women who are rising through the corporate ranks.

"Naturally," Prof. Dunnette explains, "these women don't fit the macho image we see on the screen or read about in paperbacks. Furthermore, they don't usually see themselves that way."

"Thus, in their own eyes, they lack the qualifications that novels and the TV screen depict as essential to reaching the top."

Which may be an important reason for these Labor Department statistics: Women make up 78 percent of all clerical workers, 72 percent of all teachers below the college level, and 64 percent of all health workers, but only 20 percent of managers and administrators.

What are successful managers really like?

"Most of them," Prof. Dunnette says, "are extroverted, self-confident people who can readily assimilate information."

These traits, he adds, usually can be detected as early as in high school years.

"Give a group of six or eight kids a topic to discuss and observe them," the psychologist says. "The potential executive is the one who organizes the discussion and takes charge. That organizer is just as likely to be wearing a skirt as trousers." □

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The cost of housing—whether it be a home on a hill in Daly City, Calif., or a condominium in Reston, Va., or a house in the suburbs of Akron, Ohio—has gone higher and higher, and the end is nowhere in sight. The median price for a new house is now \$49,000—more than twice what it was in 1970.

PHOTO: DENNIS BAILEY—BLACK STAR

Why Home Prices Are Soaring

More and more Americans find it increasingly difficult to buy a new home. Congressional action may help buyers get mortgages, but the answer to the price problem itself lies elsewhere

ONLY FAMILIES with annual incomes of more than \$20,000 can still afford the American dream: a vine-covered cottage complete with crabgrass and a mortgage, a townhouse with potted plants on the patio, or a high-rise condominium with a balcony.

The median price for new single-family homes today is approaching \$50,000.

Lenders normally will not make a mortgage loan that is more than twice the amount of the borrower's annual income. Thus, a household must be in the \$20,000-a-year class to take out a \$40,000 mortgage loan.

Unfortunately, only one family out of four is in that income bracket.

The situation worsens each year as the real incomes of most American families, victims of inflation spurred by steadily rising government spending, fail to keep pace with increases in housing costs.

In 1976 the median family income was \$14,500, and the median income of purchasers of new homes was \$21,615. Of these home buyers, 43 percent were families in which both husbands and wives were working.

What about the other American households?

A luxury market

"Home building has gone from a mass market to a luxury market," the Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University concludes.

In 1975-1976, the center points out, 58 percent of new homes were purchased by affluent households with incomes of more than \$20,000 annually. Thirty-eight percent were

bought by middle-income families with annual incomes of \$10,000 to \$20,000, and four percent were purchased by households with incomes of less than \$10,000.

Just a decade earlier the percentages were dramatically different. Thirty-one percent of the home buyers were in what was then considered the affluent bracket, households with incomes above \$10,000; 53 percent were in the \$5,000-to-\$10,000 income class; and 17 percent were in the bottom income bracket.

Crushing the American dream

"The American dream is being crushed" by "an affordability problem" in housing, Jay Janis, under secretary of the Department of Housing and Urban Development, says.

Mr. Janis warns that, if this problem is not solved, home builders will find themselves without a market.

Just how strong is that market for the vine-covered cottage? Have the aspirations and life-style of young Americans changed? Do they want the same things that their parents wanted?

Dr. Arthur P. Solomon, director of the M. I. T.-Harvard urban center, answers those questions in part. "Young people today still have a strong, deeply rooted commitment to that American dream," he says. "They feel they have begun to make it when they can buy the house with a patch of grass."

More young households

Wishing, of course, doesn't make ownership so. Unless current cost trends are arrested, the single-family dwelling will be further out of reach of most young households, which are

increasing rapidly in number as a result of a ten-year baby boom that started in the mid-1950's. More than four million births were recorded annually in that period.

The M. I. T.-Harvard urban center has issued a report entitled "The Nation's Housing: 1975-1985" which shows:

- Forty-six percent of U. S. families could afford to buy a median-priced new house in 1970, but only 27 percent could last year.

- The median price for a new house, \$23,400 in 1970, had soared to \$44,200 last year and could reach \$78,000 in the early 1980's.

Many housing experts say they don't think the rise in the years ahead will be that great. But Commerce Department figures show that in June the median price for a new home was \$49,000.

Action in Washington

Solving the problem of affordability of housing, particularly for blue-collar families and for young families of any description, is not as high on the Carter administration priority list as many would like. There should be some easing of the problem as a result of expected passage of administration-supported legislation to raise federally insured mortgage loan ceilings and through greater use of existing federal subsidy programs. Financial institutions are bulging with available mortgage funds, and the current rate of housing starts indicates that 1.86 million private dwellings will be constructed during the year.

The emphasis from Washington is going to be on subsidized housing construction and rehabilitation of



PHOTO: DIANA R. WALKER

HUD Secretary Patricia Roberts Harris says government must work with the private sector to provide capital needed for housing. Government alone cannot solve U. S. housing problems, she says.

existing housing in the central sections of cities. HUD Secretary Patricia Roberts Harris has made this clear. "In the past we have tended to follow the path of least resistance in making housing available to our people," she says. "We have funded the growth of our suburbs, while we have tended to ignore the valuable capital of our cities."

Doing without

Most American families that have bought or are in the market for new housing find themselves in something of a crisis. Today American households are allocating bigger and bigger chunks of their after-tax income to housing expense. The latest Department of Commerce statistics show households spending, on average, 31 percent of their income for housing, including furnishings. That was in 1972-1973, before the full impact of increased energy prices. Traditionally, housing had accounted for 25 percent of a family's income.

To purchase existing or new homes, the M. I. T.-Harvard center finds, families are doing without in other areas. Some are buying old homes and rehabilitating them, and

there is growing interest in no-frill, basic homes which do-it-yourselfers can complete.

Yet when home builders have tried offering basic houses in recent years, the response often has been disappointing. Harvey G. Hallenbeck, housing expert at the Chamber of Commerce of the United States, says that many buyers apparently are not yet ready to lower their sights.

"One of the problems today is that an average family with an average income doesn't buy an average house," says Michael Sumichrast, chief economist for the National Association of Home Builders of the U. S.

Today's average home, for example, must have a family room and 2½ baths, be air-conditioned, and have fireplaces and a garage. Only about 24 percent of all new single-family homes are without garages.

A form of investment

"Having more costs more," Mr. Sumichrast notes.

He and other housing economists warn about the tendency to rely too much on statistics. "The concept of affordability," he says, "is difficult to

get a handle on and even more difficult to defend. To measure affordability by median income is to ignore a lot of other things, such as cash holdings and equity in other real estate. Our surveys show that first-time buyers of new houses account for about 32 percent of all home buyers."

Morton L. Isler, director of housing studies at The Urban Institute, a Washington-based research organization, criticizes some analyses showing families can't afford housing. The analyses "have been too simplistic," he says.

The fact that many families allocate more than 25 percent of their incomes to housing, he says, indicates that such families increasingly are considering residential property as a form of investment.

"People are accruing wealth," he says. "But the basic problem is that families which aren't on this train have a hard time getting on it."

The used-house market

John J. Stafford, research director and a vice president of the United States League of Savings Associations, contends that surveys place too much emphasis on new-home prices and ignore the used-house market.

"A lot of housing is available in all price ranges," he says, "and much of it can be purchased even by those families living on what the government calls an austere budget."

And a recent report by the National Association of Realtors says the assertion that most American families have been priced out of the single-family housing market cannot be reconciled with the high rate of new single-family construction. The report contends an emphasis on median prices has unduly caused pessimism. Half of all new houses and two thirds of all older homes are priced below the new-home median price, the report points out.

The report also says that, if inflation is ever brought under control, there will be significant benefits for the home buyer. Just a return to a three percent inflation rate, the report says, would cut in half the annual increases in home prices and bring mortgage rates down two percent, to the 6.5 to seven percent range.

Land cost zooms

Where have the costs that go into the price of the new single-family dwelling increased most?

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An interview with Ed Rochat, vice president of the Spencer M. Maben, Inc. insurance agency of Summit, New Jersey.

Q. Why did you go to a computer system in the first place?

A. We wanted guaranteed perpetuity of our records.

Q. What do you use your Lockheed System III for?

A. Lots. General ledger, billing, accounts receivable and payable, record keeping such as deposits and cash and check receipts, expirations, commission statements, sales analysis and other monthly reports.

Q. Any particular comments about it?

A. I'm in the insurance business, not the computer business. I want a system that works like my car. I want to take it for granted, to know it's there whenever I need it, with a minimum of maintenance. The Lockheed system does that.

Q. What led you to the Lockheed System III?

A. We shopped a lot, but word-of-mouth recommendations led us to Lockheed. Anyway, Lockheed has a lot of installations, and they aren't about to abandon customers. There's a national network of marketing and service reps.

Q. Any regrets?

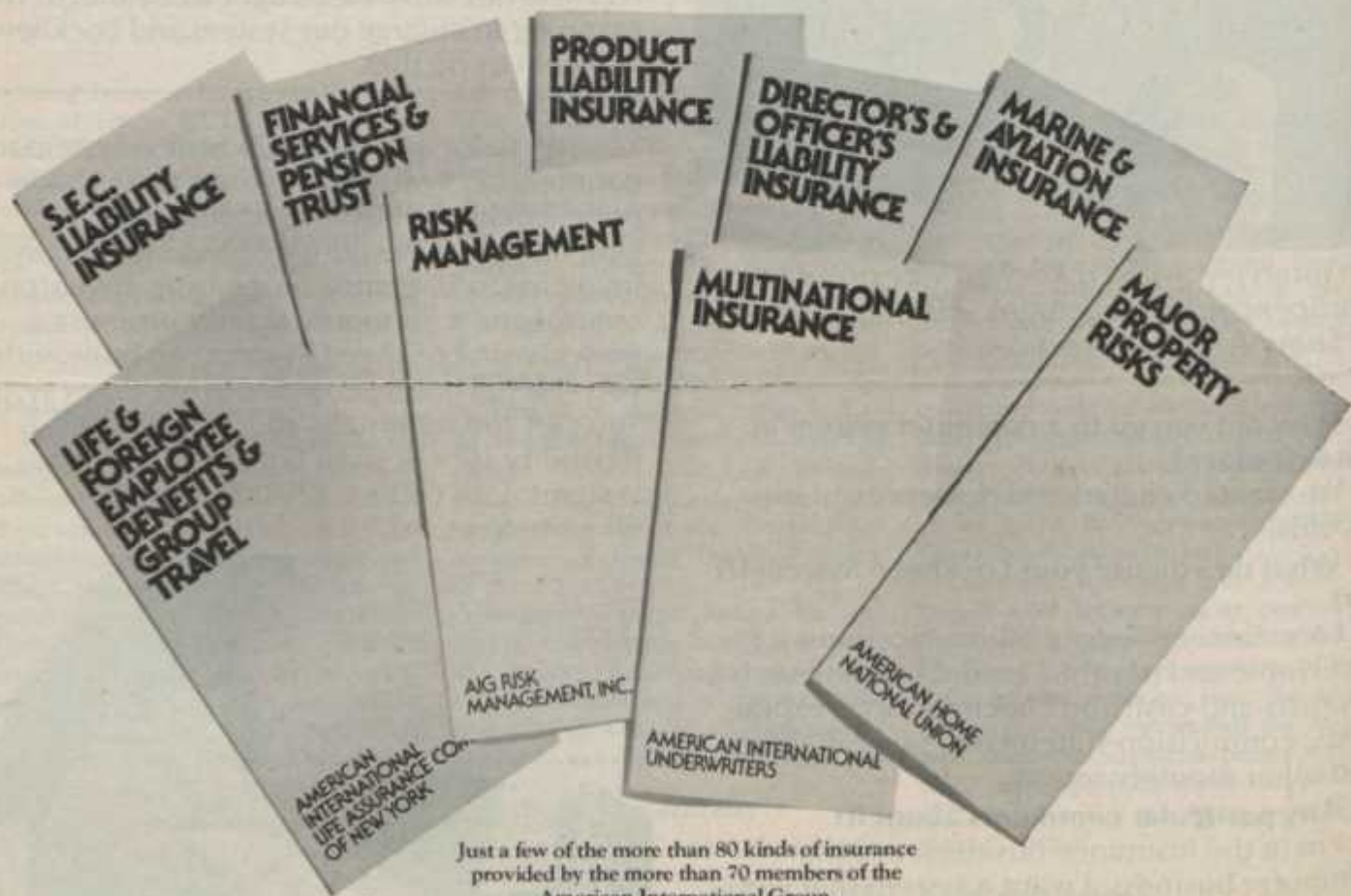
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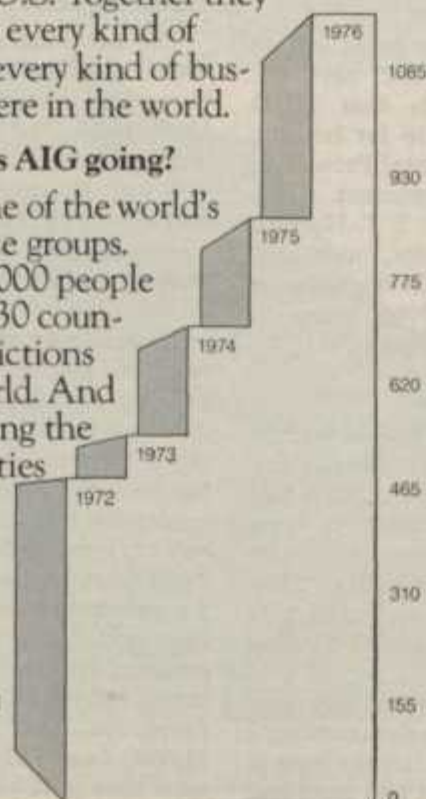
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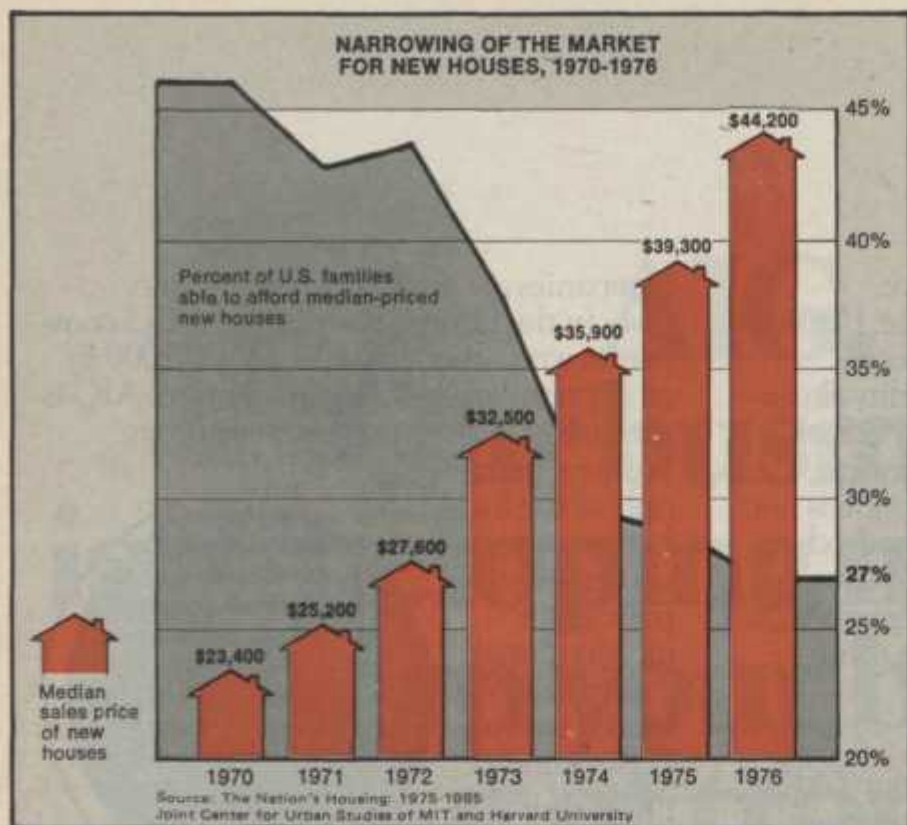
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In 1970, according to a study, 46.2 percent of U. S. families could afford a median-priced new house. Only 27 percent could last year.

A Congressional Budget Office report last January compared costs for a new home that sold for \$24,300 in 1970 with those for one that sold for \$37,300 in 1974. The findings were revealing.

Labor and materials, which accounted for 54 percent of the total in 1970, came to 48 percent in 1974. However, the percentage of the total going for land, construction financing, and other costs, such as marketing, increased. Profits, as a percentage of sales, remained at 12 percent.

In dollars, labor and materials increased \$4,852, while the other costs increased \$8,148.

Land cost rose from \$4,925 in 1970 to \$7,958 in 1974. Construction financing cost went from \$1,580 to \$3,917.

Government's effect

Dr. Bernard J. Frieden, professor of urban studies at M. I. T. and a former director of the M. I. T.-Harvard center, predicts the day is fast approaching when home buyers will turn to government for solutions to an affordability problem that government itself has caused, at least in part. He says that, while government may not be able to solve the problem, it can at least stop doing things that make the problem more grave.

In particular, he emphasizes, government should change policies on growth controls, utility restrictions, and environmental reviews that in effect put the burden of cleaning up an entire community's environment on buyers of new homes.

"Home builders are being cut to shreds by local controls," says Dr. Frieden. He contends that HUD should be the advocate for housing just as the Environmental Protection Agency is for the environment.

Dr. Solomon, the M. I. T.-Harvard center's current director, adds that "when you restrict development in one place, you drive up prices in areas where you can develop."

Overkill in controls

Robert Arquilla, a Chicago builder and president of the National Association of Home Builders, says that builders "are getting closer to some of the answers on how to control costs." But he adds ruefully: "Ten years ago it took four to five months to get a subdivision started. Now it takes 2½ years."

He says environmental and ecological costs have been devastating.

As an example, he cites the case of a 700-unit project that had front-end costs of \$825,000 for flood control, which added almost \$1,200 to the

cost of each unit. The requirement was for a flood control system capable of handling the worst possible rain in 500 years.

"A 100-year rain specification would have greatly reduced costs," he says.

Under Secretary of HUD Janis cites the case of a Florida suburban jurisdiction that required streets to have the same thickness of pavement as a nearby interstate highway.

Mr. Janis is a member of a special task force established in HUD to develop a program to slow the rise in housing costs and bring them more in line with income.

One step that HUD Secretary Harris proposes is to phase construction of federally subsidized housing so that it continues in periods of recession as well as growth. Referring to the Nixon administration's 1973 moratorium on subsidized housing, Mrs. Harris says: "We in government promise that we will not again revert to the kind of thinking that makes our assisted housing programs a countercyclical tool. That approach is cold-blooded because it ignores the needs of the poor. It is also economically unsound and inefficient. Most important, it is not geared to ensuring a base for the provision of an adequate supply of decent, affordable housing."

What legislation would do

The administration-supported bill which should help the prospective buyer of unsubsidized housing is H. R. 6655, The Housing and Community Development Act of 1977.

A key feature of this House bill and a similar Senate bill is an increase in the maximum mortgage under the basic Federal Housing Administration single-family mortgage insurance program. The maximum rises to \$60,000 from the present \$45,000. Another feature is a lower down-payment requirement. The down payment on a \$45,000 house has been \$3,750 with FHA financing. Under the legislation, the down payment is lowered to \$1,750.

An improvement is also in store for present homeowners and for those who participate in a rehabilitation program HUD will emphasize in the future. The FHA Title One home improvement loan maximum rises to \$15,000 from \$10,000 and the repayment time to 15 years from 12 years.

In a step to aid the home buyer who can expect higher income in fu-

ture years, the legislation formalizes the graduated mortgage program, which until now has been in the experimental stage. A graduated mortgage is one in which low early payments rise over time.

The legislation, passed by both houses of Congress, is now in a joint Senate-House conference to resolve differences that do not involve the changes in mortgaging and home improvement loans.

A number of other bills have been introduced in Congress to solve the affordability problem. S. 664, introduced by Sen. Edward W. Brooke (R-Mass.), would authorize creation of a type of tax-exempt savings account called an individual housing account.

The individual housing account would be similar to the individual retirement account authorized by the 1974 pension reform law. A potential home buyer could deposit up to \$2,500 annually, for a total of \$10,000, to build equity for a down payment. Income deposited would be exempt from federal taxation, as would interest earned.

Opposition from labor

Both the graduated mortgage and housing account concepts meet with business approval. But labor organizations have deep reservations, de-

spite high unemployment in the construction industry.

Henry B. Schechter, director of urban affairs for the AFL-CIO, says that the AFL-CIO opposes graduated payments because the result would be significantly higher total interest payments over the life of the loan. Also, he says, financial institutions would tend to make loans only to borrowers with exceptionally good outlooks for higher incomes.

The AFL-CIO sees in the individual housing account a potential for billions of dollars in tax loss to the Treasury and the "creation of another very costly tax loophole to benefit primarily the well-to-do."

Wrong emphasis at HUD?

While changes in the FHA and other federal mortgage programs will aid the young family in the market for a home, there is growing doubt in the minds of many that enough is being done in that regard. Also, there is a feeling that HUD, with its emphasis on the central sections of cities, may be aiming in the wrong direction.

National Association of Home Builders President Arquilla says: "Secretary Harris has indicated she will spend her time on urban rehabilitation. I think if she does she will miss the bigger problem. I don't

think we can go into the inner core of cities to rehabilitate. We must start at the outer circle and work inward. And cities must provide the infrastructure to keep the rehabilitation viable."

How the tax bite has grown

An important step toward making it easier for families with average incomes to buy housing would be to do something about the tax bite they face, National Association of Home Builders economist Sumichrast says. He points out that government is taking an increasingly larger share of personal income.

In 1955, he notes, 31 percent of U. S. spending was by federal, state, and local governments. In 1975 that slice of the pie had enlarged to 48 percent.

To make his point, Mr. Sumichrast lists these increases in the two decades ending in 1975:

- State income taxes—up 1,235 percent.
- Federal income taxes—up 305 percent.
- Social Security taxes—up 882 percent.
- Real estate taxes—up 354 percent.

Still further evidence of government spending and resulting inflation:

- Mortgage interest payments—up 497 percent.
- Mortgage payments—up 322 percent.
- Hazard insurance—up 225 percent.
- Utility costs—up 189 percent.

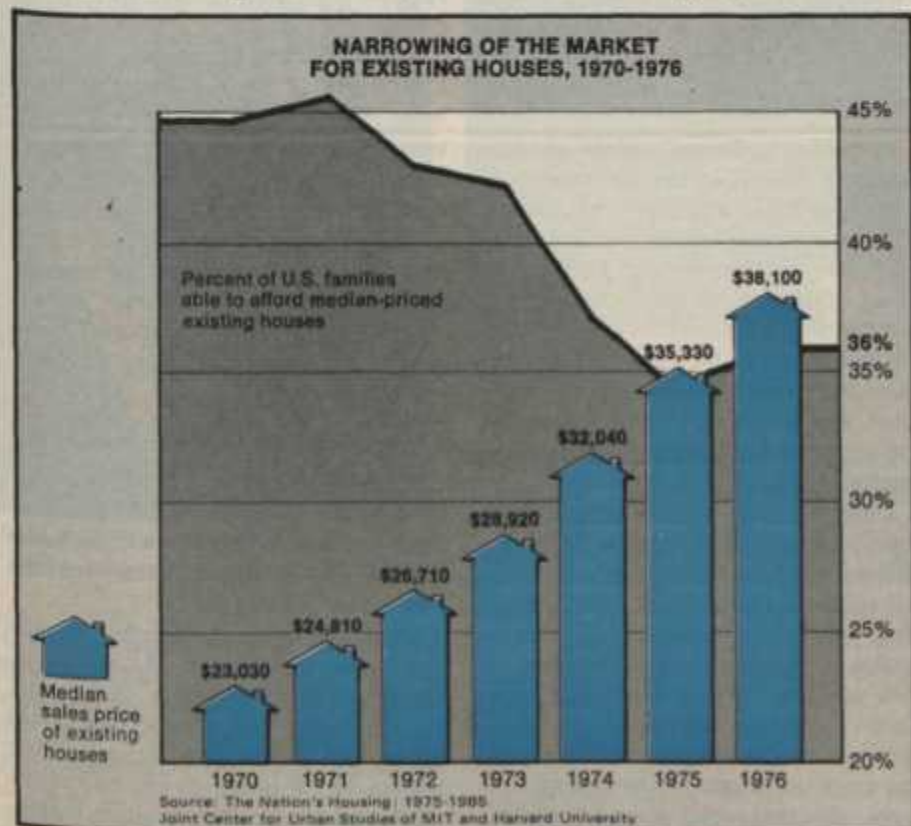
Income vs. housing prices

During the same time period, the cost of a new house increased 187 percent, while gross family income increased 210 percent.

Theoretically, Mr. Sumichrast says, more Americans should be able to afford a new home because income has pretty well kept pace with the rise in housing prices. He adds, however:

"The plain truth is that they cannot pay for a house. Why? Because after everyone gets finished reaching into our pockets, there isn't enough left to make the monthly payments. Every day there are more fingers, and the fingers seem to get longer and dig deeper into our pockets."

"It is fair to say that we have almost reached the limit of what families can set aside for housing." □



In 1970, a study shows, 44.8 percent of U. S. families could afford a median-priced existing house. Only 36 percent could last year.

Understanding Today's Young Executive

What does the new generation of business leaders really want? What can older executives learn from their juniors—and vice versa? A survey of deans at business schools supplies the answers

“YOUNG EXECUTIVES today have higher expectations than executives of ten or 20 years ago. They are also more professional and, therefore, less influenced by organizational loyalties,” says Dean Arnold R. Weber, of the Graduate School of Industrial Administration at Carnegie-Mellon University, Pittsburgh.

Dean Weber's opinions are among those received in answer to a NATION'S BUSINESS questionnaire sent to deans of 30 major business schools in every section of the country.

The responses help to draw a picture of today's young business leaders, their relationships with older executives, what the two generations of managers can learn from each other, and what the young executives are looking for in return for their efforts on the job.

Short on humility

Young executives come across in generalized impressions of the deans as being somewhat lacking in humility and tact, expecting a bit too much too soon, and not being strong enough in loyalty to their companies. They also come across as being willing to take timely gambles on the future, possessing flexibility, and wanting job stimulation more than great monetary rewards.

On the other hand, older business

leaders often lack flexibility, several deans agree. Among other points made: Older executives are stronger in company loyalty, weaker in new technologies, and stronger in human relations within their companies. And thanks to their experience, they are more successful at taking long-range views.

More idealism

Donald C. Carroll, dean of The Wharton School at the University of Pennsylvania, Philadelphia, says: “Today's young executives are more aggressive and more idealistic than those of ten or 20 years ago. They want serious responsibility early, they are less likely to be organization men than their predecessors, and they are more concerned that their work be socially useful as well as economically productive.”

Dean C. Arthur Williams, Jr., of the University of Minnesota's College of Business Administration and Graduate School of Business Administration, who is headquartered in Minneapolis, says the major differences he sees are that young executives now “have stronger technical training, are more aware of external influences, are more uncertain of the future, and have greater social consciousness.”

What can older executives learn from young executives? Dean Wil-

liams lists modern technology, importance of making timely changes, and social values.

In turn, what can younger executives learn from their seniors? Dean Williams says: “Patience, longer-range views, and recognition of the complexities of life.”

Dean Blaine Huntsman, of The University of Utah College of Business, Salt Lake City, says the top two things young executives can learn are “a sense of prioritization” and “corporate diplomacy and tact.”

He adds that young executives are more scientific in their approach to decision-making. They have “less of a propensity to matter-of-factly accept the company way of doing things.”

Interest in entrepreneurship

Dean Huntsman also says that more business school students these days are interested in small business and entrepreneurship than was the case a few years ago.

Dean Donald P. Jacobs, of the Graduate School of Management, Northwestern University, Evanston, Ill., declares that young executives today “are more questioning of the impact of corporate decisions on the social and physical environment within which the corporation exists. They show greater interest in analysis of



Dean Donald P. Jacobs: "Likely to question motives"



Dean Donald C. Carroll
"More aggressive and more idealistic"



Dean Richard N. Rosett
"Success demands sacrifice"



Dean Blaine Huntsman
"Less of a propensity to accept"



Dean Arnold R. Weber
"Higher expectations"

the long-range effects of short-range benefits. They are more likely to question the motives and actions of both business and government. They are concerned about emerging questions as to the governance of the corporation and the proper roles of the manager and the board of directors."

Principally, Dean Jacobs says,

they want interesting and challenging work. "They want problems to solve and not routine processes to supervise. They expect their companies to answer questions, to be more open about operations—they would like to know more about the causes and consequences of company decisions."

Fresh ideas

Flexibility is a word that turns up several times in discussion of what older executives can learn from their juniors. Dean Jacobs, for example,

says older executives can learn "a willingness to consider fresh ideas, to show greater flexibility in testing and experimenting."

Dean H. Justin Davidson, of the Graduate School of Business and Public Administration at Cornell University, Ithaca, N. Y., says:

"Young executives today are more interested in making living worthwhile than in just making a living. More independent and broader in outlook, many of them do not see money as their top priority. They seem much more interested in a



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"The Political Answers"—The United States desperately needs a national energy policy—a coordinated effort to conserve and a maximum effort to explore and develop energy sources. To meet this vital need, actions must be taken in government at the local, state, and national levels.

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stimulating job that will challenge their abilities. Since, in addition, many of their spouses work, they can take more risks with their own careers."

Risk-taking

He lists "flexibility, a willingness to take risks, and frankness" as things older executives can learn from younger ones. What can the newcomers learn from the veterans? Dean Davidson answers: "Patience, persistence, compassion, and negotiation skills. And, perhaps most importantly, the older executive can show, by example, that simply caring about the people one works with is essential to the well-being of any executive and any organization."

Dean Arjay Miller, of the Graduate School of Business, Stanford University, Stanford, Calif. writes: "Youthful questioning, challenging, and probing of the status quo can help keep older executives on their toes; youthful spontaneity and living more for today than for tomorrow can help teach older executives to be less future-oriented; and contact with the youthful drive to succeed can help older executives maintain their appetite for risk."

On the other hand, Dean Miller says, older executives can teach their juniors patience, listening skills, pace, appreciation of the long view, and a balance between thinking and action.

James F. Kane, dean of the College of Business Administration at the

University of South Carolina, Columbia, writes: "As society has gotten more affluent, and since we have been in a period of prosperity almost continually for the last 40 years, values have changed substantially. Today's young executive is more of an individualist and is less apt to sacrifice for the good of his employer."

A feeling of pride

Dean C. Stewart Sheppard, of The Colgate-Darden Graduate School of Business Administration, University of Virginia, Charlottesville, says the young executive of today "is more of a generalist, and is interested and involved in corporate functional interrelationships, but in addition he is more involved and concerned with



Dean C. Arthur Williams, Jr.
"More aware of external influences"

Dean James F. Kane
"Values have changed substantially"



Dean H. Justin Davidson
"Do not see money as top priority"

Dean Arjay Miller
"Probing of the status quo"



How to Produce Better Business School Graduates

What can successful senior executives and their companies do to improve the quality of business school graduates?

Nation's Business asked that question in its survey of business school deans. The answers include:

- Help schools financially. Also, divert donations to good universities and away from foundations and other institutions that are not tuned in to the private enterprise system.
- Be willing to participate as visiting speakers and serve on advisory boards.
- Communicate with schools to outline the latest business community needs.
- Underwrite internship programs for students at companies.

- Encourage case research by students and faculty.

- Serve as executives-in-residence.
- Underwrite faculty-business exchange programs.

Several deans say they think changes in curricula are needed to better prepare students for business careers. Among the suggestions:

Add courses in such basic skills as clear writing and articulate presentation of a position generally; introduce corporate social responsibilities and ethics as a required course; and add how-to courses on working with other people, taking pragmatic approaches to business, and understanding the relationship between business and government.

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the socioeconomic-political environment."

Younger business leaders want opportunities for greater responsibilities at an earlier age than heretofore, Dean Sheppard says. They also expect from their companies "personal recognition and a feeling of pride and worthwhileness in the company's products."

Older executives can take lessons from the new managerial generation, Dean Sheppard says, on "changing personal and social values and ideals, technical skills in areas such as quantitative techniques and computer applications, and the developing awareness of management as a profession somewhat akin to law and medicine."

As for lessons younger executives can learn, he lists patience and "stability of purpose," tolerance of the shortcomings of others, "the need to get one's hands dirty on occasion," and "the need for ethical principles in resisting temptation to earn the fast buck."

The value of integrity

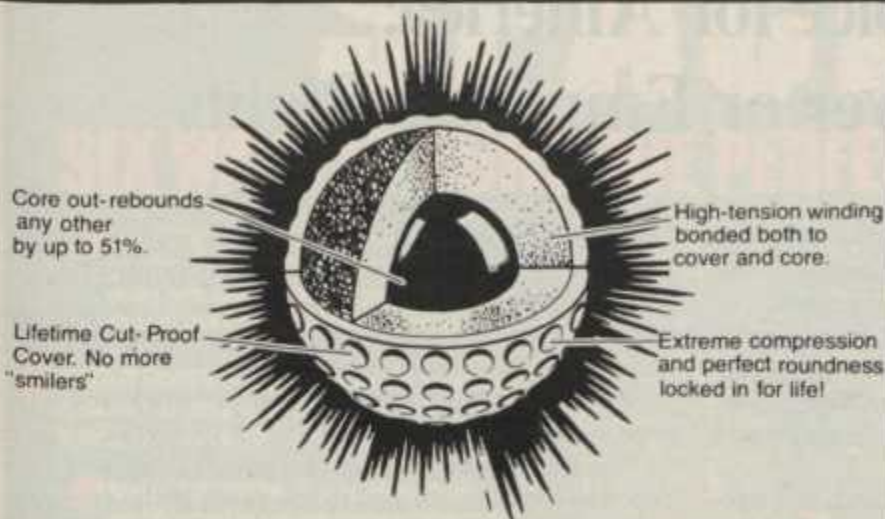
The main things young managers should learn, says Dean Richard N. Rosett, of the Graduate School of Business, University of Chicago, are that "character and integrity are at least as valuable as skill and knowledge" and that "success demands personal sacrifice."

Dean W. H. Baughn, of the College of Business and Administration and the Graduate School of Business Administration at the University of Colorado at Boulder, says that "young people do not expect to tolerate adversity" and expect more from their firms in terms of job satisfaction and planned advancement than the previous generation of company leaders.

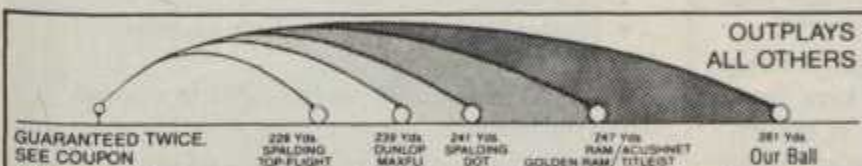
He says that older managers can learn from their juniors "a willingness to examine alternative ways of doing things, the ability to evaluate objectively different approaches to a given problem, and interest in considering nonfinancial impacts of decisions."

As for things the younger executives can learn from their seniors, Dean Baughn lists three: "Experience is still a very important ingredient in decision-making; patience is needed in the implementation of change; and longer-run considerations are important in the management of a business." □

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Choice for America: Union Power or Employee Rights

THE KEY to survival for any institution is the ability to perceive and adapt to changes in the society in which that institution operates.

Our most successful businesses, for example, are those whose leaders anticipated the marketing opportunities offered by technological progress, population shifts, and new life-styles and attitudes.

Organized labor, on the other hand, has burrowed deeply into the past, convinced that the policies and rhetoric of the labor-management clashes of the 1930's remain relevant in a business world that has traveled light-years from that era.

AFL-CIO patriarch George Meany clings rigidly to the assumption that workers' interests are best served by an alliance of big government and big labor waging constant battle against business.

Because of that attitude, labor leaders have ignored important realities of the contemporary world.

More and more workers look on big government not as a protector, but as a source of excessive taxation, inflationary spending, and job-threatening regulation.

Organized labor's appeal to workers continues to decline rapidly as a more self-confident generation moves into the workplace. Thus, as the work force expands, the percentage of employees who belong to labor unions shrinks.

Rather than face the fact that historical changes have overtaken the labor movement, AFL-CIO leaders continue to insist that the answer to the movement's troubles lies in still more intervention by big government on the side of unions.

Big labor wants power—enough power to crush anyone opposed to it, enough power to whip employers into line.

If organized labor achieves its goals, the underlying philosophical basis of the National Labor Relations Act would be drastically

changed from protecting employee rights to punishing employers who do not surrender to union demands.

That approach totally ignores the desires and concerns of the individual worker.

Fortunately, however, other proposed changes in the act are pending in Congress.

Several senators and representatives are sponsoring bills attuned to the needs of the employee. While the bills differ in some details, the heart of each measure is an employee bill of rights.

This would:

- Protect the employee's right to exercise full freedom of choice.
- Guarantee employees the right to a secret ballot in elections determining whether they want to be represented by a union and the right to a secret ballot to decide whether to launch, continue, or resume a strike.
- Prohibit unions from fining members for exercising rights protected by the National Labor Relations Act.
- Guarantee the right of workers to hear the management side as well as the union side on the question of union representation.
- Prohibit unions from forcing workers to contribute to political causes.
- Recognize the right of workers to refuse to join a union if such action conflicts with religious convictions.
- Protect the employee's right to a legal, arbitrated decision when labor and management have agreed to arbitration for the resolution of disputes.

Congress faces a clear-cut choice on the issue of labor-law reform: More power for big labor and the federal government? Or more freedom for individual workers?

Members of Congress should approach that decision with the realization that the overwhelming majority of their constituents would have no difficulty in choosing between those alternatives. □

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